

To the Board of Directors of
Türk Ekonomi Bankası A.Ş.
İstanbul

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR 1 JANUARY 2011 – 31 DECEMBER 2011

We have audited the accompanying balance sheet of Türk Ekonomi Bankası A.Ş. (the “Bank”) as at 31 December 2011, and the related statements of income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Board of Directors of the Bank is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on “Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents” published in the Official Gazette dated 1 November 2006 and numbered 26333 and Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards (“TFRS”) and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency (“BRSA”). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on “Licensing and Operations of Audit Firms in Banking” published in the Official Gazette no: 26333 on 1 November 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Türk Ekonomi Bankası A.Ş. as at 31 December 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by BRSA.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

İstanbul, 15 February 2012

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Özlem Gören Güçdemir
Partner

**THE UNCONSOLIDATED FINANCIAL REPORT OF TÜRK EKONOMİ BANKASI A.Ş.
FOR THE YEAR ENDED 31 DECEMBER 2011**

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The year end unconsolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BANK
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BANK
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BANK
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in **thousands of Turkish Lira**, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.

	Jean - Milan Charles				
	Dominique				
Yavuz Canevi	Givadinovitch	Dr. Akın Akbaygil	Varol Civil	M. Aşkın Dolaştır	Gökhan Kazcılar
Chairman of the	Chairman	Vice Chairman	General	Assistant General	Director
Board of	of the Audit	of the Audit	Manager	Manager Responsible of	Responsible of
Directors	Committee	Committee		Financial Reporting	General Accounting

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname / Title: Çiğdem Başaran / Investor Relations Manager

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TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION ONE

GENERAL INFORMATION

I. History of the Bank, Including its Incorporation Date, Initial Legal Status and Amendments to Legal Status, if any

Türk Ekonomi Bankası Anonim Şirketi (the “Bank”), which had been a local bank incorporated in Kocaeli in 1927 under the name of Kocaeli Halk Bankası T.A.Ş., was acquired by the Çolakoğlu Group in 1982. Its title was changed as Türk Ekonomi Bankası A.Ş. and its headquarters moved to İstanbul.

II. Explanation on the Bank’s Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank Belongs to

Following announcement of the Banking Regulation and Supervision Agency (the “BRSA”) approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two banks by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry. Due to the merger, ceiling for the registered capital of the Bank is increased from TL 1,400,000 to TL 2,204,390, and the issued capital of the Bank is increased by TL 1,104,390, from TL 1,100,000 to TL 2,204,390.

Issued registered shares were distributed to the shareholders of Fortis Bank A.Ş., which was dissolved due to the merger, in exchange of their current shares. Fortis Bank A.Ş. shareholders received 1.0518 registered Türk Ekonomi Bankası A.Ş. (“TEB”) shares for each Fortis Bank A.Ş. share having a nominal value of TL 1.

As a consequence of the merger, Fortis Bank SA/NV became shareholder of TEB with a shareholding percentage of 47.15% and BNP Paribas SA’s indirect ownership increased to 51.086% due to its 75% ownership in Fortis Bank SA/NV and 50% share in TEB Mali Yatırımlar A.Ş. whose ownership percentage became 42.043% in TEB following the merger transaction.

As declared in the public disclosure dated 3 June 2010 and the following public disclosures, and within the framework of the agreement between BNP Paribas Group and Çolakoğlu Group, restructuring procedures to allow TEB Mali Yatırımlar A.Ş. to continue being the majority shareholder of the Bank and to allow each of Çolakoğlu Group and BNP Paribas Group to hold 50% of the shares in TEB Mali Yatırımlar A.Ş. following the merger, subject to the required approvals of the regulatory authorities. Accordingly, as a result of the abovementioned restructuring procedures, which include a capital increase in TEB Mali Yatırımlar A.Ş. and several share transfers, TEB Mali Yatırımlar A.Ş.’s shareholding ratio in the Bank is aimed to be increased to 55%, and the shareholding ratios of each of Çolakoğlu Group and BNP Paribas Group in TEB Mali Yatırımlar A.Ş. are aimed to be 50%, subject to the required approvals of the regulatory authorities.

At the Extraordinary General Assembly of TEB Mali Yatırımlar A.Ş., held on 25 March 2011, it was resolved to change the trade name of the company to “TEB Holding A.Ş.” to increase its share capital from TL 500,000 to TL 590,863 through the issuance of 90,863,380 shares.

BNP Paribas Fortis Yatırımlar Holding A.Ş., one of the shareholders of TEB Holding A.Ş., subscribed to 88,423,113 newly-issued shares with respect to the mentioned capital increase; and as a result of this capital increase, shareholding ratio of BNP Paribas Fortis Yatırımlar Holding A.Ş. in TEB Holding A.Ş., has been increased from 50.00% to 57.28%.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
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(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. Explanation on the Bank's Capital Structure, Shareholders of the Bank who are in Charge of the Management and/or Auditing of the Bank Directly or Indirectly, Changes in These Matters (if any), and the Group the Bank Belongs to (continued)

In addition, following the above-mentioned transactions, for Çolakoğlu Group and BNP Paribas Group to have equal shareholding in TEB Holding A.Ş. (50% each), BNP Paribas Fortis Yatırımlar Holding A.Ş.'s 7.28% shares in TEB Holding A.Ş. were transferred to Galata Yatırım Holding A.Ş., which is owned by the Çolakoğlu Group, on 31 March 2011. After the share transfer, both Çolakoğlu Group and BNP Paribas Group have 50% of share participation each in TEB Holding A.Ş. as in the share structure before the merger.

On 30 March 2011, upon the permissions granted by the BRSA and the Capital Markets Board (the "CMB"), 12.72% of TEB shares held by Fortis Bank SA/NV and 0.24% of TEB shares held by the Çolakoğlu Group were transferred to TEB Holding A.Ş. for a total consideration of TL 616,935. Following the share transfer, TEB Holding A.Ş.'s direct participation in TEB has been increased from 42.04% to 55%.

20.35% of shares in TEB, having a total nominal value of TL 448,512, held by Fortis Bank SA/NV, were transferred to BNPP Yatırımlar Holding A.Ş. for a consideration of TL 865,440; and 14.08% of shares in TEB, having a total nominal value of TL 310,480, held by Fortis Bank SA/NV, were transferred to BNP Paribas Fortis Yatırımlar Holding A.Ş. for a consideration of TL 670,636.

Consequently, BNPP Yatırımlar Holding A.Ş., which has no participation in TEB, eventually has 20.35% of shares in TEB, while BNPP Paribas Fortis Yatırımlar Holding A.Ş. has 14.05% of direct shareholding in TEB.

Upon the resolution no: 16/475 of the CMB issued on 27 May 2011, BNP Paribas Fortis Yatırımlar Holding A.Ş. and BNPP Yatırımlar Holding A.Ş. initiated a public call on 2 June 2011 for the acquisition of Türk Ekonomi Bankası A.Ş.'s 227,730,437.91 shares with a nominal per value of TL 1 at TL 2.21 under the call requirements set out in the CMB's Communiqué Serial: IV, No:44 "Principles of Gathering Equity Interests Through Public Call". The public call intermediated by TEB Yatırım Menkul Değerler A.Ş. was finalized at 17:00 on 17 June 2011.

a) Total nominal value and capital percentage before the call:

-BNP Paribas Fortis Yatırımlar Holding A.Ş. TL 310,480 (14.085%)
 -BNPP Yatırımlar Holding A.Ş. TL 448,512 (20.346%)

b) Total nominal value and capital percentage after the call:

-BNP Paribas Fortis Yatırımlar Holding A.Ş. TL 376,584 (17.083%)
 -BNPP Yatırımlar Holding A.Ş. TL 514,616 (23.345%)

As of 31 December 2011 and 31 December 2010 the shareholders' structure and their respective ownerships are summarized as follows:

Name of shareholders	As of 31 December 2011		As of 31 December 2010	
	Paid in Capital	%	Paid in Capital	%
TEB Holding A.Ş.	1,212,414	55.00	926,796	84.25
BNP Yatırımlar Holding A.Ş.	514,616	23.34	-	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	376,584	17.08	-	-
Publicly traded shares	99,556	4.52	171,966	15.63
Other	1,220	0.06	1,238	0.12
	2,204,390	100.00	1,100,000	100.00

As of 31 December 2011 Bank's paid-in-capital consists of 2,204,390,000 shares of TL 1.00 (full TL) nominal each.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations Regarding the Chairman and the Members of Board of Directors, Audit Committee, General Manager and Assistants and Shares of the Bank They Possess

<u>Name</u>	<u>Title</u>
Board of Directors;	
Yavuz Canevi	Chairman of the Board of Directors
Dr.Akın Akbaygil	Vice Chairman of the Board of Directors and Vice Chairman of the Audit Committee
Jean-Milan Charles Dominique Givadinovitch	Member of the Board of Directors, Chairman of the Audit Committee
Jean Paul Sabet	Vice Chairman of the Board of Directors
Yves Paul Henri Martrenchar	Member of the Board of Directors
Ayşe Aşardağ	Member of the Board of Directors
Varol Civil	General Manager and In Charge Member of the Board of Directors
Musa Erden	Member of the Board of Directors
Alain Georges Auguste Fonteneau	Member of the Board of Directors
Jean Yves Fillon	Member of the Board of Directors
Assistant General Managers;	
Mustafa Aşkın Dolaştır	Assistant General Manager Responsible from Financial Control
Gökhan Mendi	Assistant General Manager Responsible from Consumer Banking and Private Banking
Levent Çelebioğlu	Assistant General Manager Responsible from Corporate Banking
Dr. Nilfen Altıntaş	Assistant General Manager Responsible from Human Resources
Nuri Tuncalı	Assistant General Manager Responsible from SME Loans
Saniye Telci	Assistant General Manager Responsible from Banking Operations
Turgut Boz	Assistant General Manager Responsible from SME Banking
Ümit Leblebici	Assistant General Manager Responsible from Asset Liability Management and Treasury
Melis Coşan Baban	Chief Legal Counsel and Secretary of the Board of Directors
Osman Durmuş	Assistant General Manager Responsible from Consumer Loans and Business Loans
Gökhan Özdil	Assistant General Manager Responsible from Corporate Loans
Başar Ordukaya	Assistant General Manager Responsible from Large Corporate Customers
Arnaud Denis Jean Sebastien Tellier	Assistant General Manager Responsible from Corporate Investment Banking
Mehmet Ali Cer	Assistant Manager Responsible from Information Technologies
Akil Özçay(*)	Assistant Manager Responsible from Financial Markets
Group Heads	
Ayşe Korkmaz	Head of Compliance and Internal Control
Didier Albert Nicole Van Hecke	Chief Risk Officer
Inspection Committee and Statutory Auditors;	
Hakan Tıraşın	Chairman of the Inspection Committee
Esra Peri Aydoğan	Statutory Auditor
Cihat Madanoğlu	Statutory Auditor

(*) Akil Özçay was appointed as the Assistant General Manager responsible from Financial Markets as of 21 November 2011.

Shares of the Bank owned by the above stated Chairman and Members of Board of Directors, General Manager and Assistants are negligible.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. Information about the Persons and Institutions That Have Qualified Shares

Name / Commercial Name	Share Amount	Share Ratio	Paid-up Shares	Unpaid Shares
TEB Holding A.Ş.	1,212,414	55.00%	1,212,414	-
BNP Yatırımlar Holding A.Ş.	514,616	23.34%	514,616	-
BNP Paribas Fortis Yatırımlar Holding A.Ş.	376,584	17.08%	376,584	-

TEB Holding A.Ş. is the controlling party of the Bank's capital having both direct and indirect qualified shares. TEB Holding A.Ş. is a member of both Çolakoğlu and BNP Paribas groups. 50% of the shares of TEB Holding A.Ş. are controlled by BNP Paribas, while the remaining 50% is controlled by Çolakoğlu Group. As of 25 October 2010, BNP Paribas S.A. transferred 50% of its shares in TEB Holding A.Ş. to BNP Paribas Fortis Yatırımlar Holding A.Ş. BNP Paribas Fortis Yatırımlar Holding A.Ş. is controlled by Fortis Bank SA/NV whose shareholders are BNP Paribas S.A. and the Belgium State by 75% and 25% shares, respectively. 100% of the shares of BNP Yatırımlar Holding is controlled by BNP Paribas S.A. The Belgium State has 10.7% shares in BNP Paribas S.A.

V. Summary on the Bank's Functions and Areas of Activity

The Bank's operating areas include, corporate, retail and private banking as well as project finance, fund management and custody operations. Besides the ordinary banking operations, the Bank is handling agency functions through its branches on behalf of TEB Yatırım Menkul Değerler A.Ş., Zurich Sigorta A.Ş., Cardif Hayat Sigorta A.Ş., Fortis Emeklilik ve Hayat A.Ş. As of 31 December 2011, the Bank has 503 local branches and 4 foreign branches (31 December 2010: 331 local branches, 4 foreign branches).

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

- I. Balance Sheet
- II. Statement of Off-Balance Sheet Contingencies and Commitments
- III. Statement of Income
- IV. Statement of Profit and Loss Accounted for Under Equity
- V. Statement of Changes in Shareholders' Equity
- VI. Statement of Cash Flows
- VII. Profit Distribution Table

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEETS AS OF 31 DECEMBER 2011 AND 2010
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – ASSETS (STATEMENT OF FINANCIAL POSITION)

	Note Ref.	Audited Current Period 31.12.2011			Audited Prior Period 31.12.2010		
		TL	FC	Total	TL	FC	Total
I. CASH AND BALANCES WITH THE CENTRAL BANK	(1)	1,500,359	2,517,896	4,018,255	786,645	1,240,651	2,027,296
II. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Net)	(2)	854,509	412,026	1,266,535	171,883	23,169	195,052
2.1 Financial assets held for trading		854,509	412,026	1,266,535	171,883	23,169	195,052
2.1.1 Public sector debt securities		590,451	356,468	946,919	91,124	4,937	96,061
2.1.2 Share certificates		-	-	-	-	-	-
2.1.3 Derivative financial assets held for trading		264,058	55,558	319,616	80,759	18,232	98,991
2.1.4 Other marketable securities		-	-	-	-	-	-
2.2 Financial assets classified at fair value through profit and loss		-	-	-	-	-	-
2.2.1 Public sector debt securities		-	-	-	-	-	-
2.2.2 Share certificates		-	-	-	-	-	-
2.2.3 Loans		-	-	-	-	-	-
2.2.4 Other marketable securities		-	-	-	-	-	-
III. BANKS	(3)	133,042	208,013	341,055	412,828	290,656	703,484
IV. MONEY MARKET PLACEMENTS		510,329	-	510,329	-	-	-
4.1 Interbank money market placements		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market placements		-	-	-	-	-	-
4.3 Receivables from reverse repurchase agreements		510,329	-	510,329	-	-	-
V. FINANCIAL ASSETS AVAILABLE FOR SALE (Net)	(4)	4,100,585	534,015	4,634,600	2,996,143	415,942	3,412,085
5.1 Share certificates		19,619	4,318	23,937	14,603	2,256	16,859
5.2 Public sector debt securities		4,079,890	529,697	4,609,587	2,980,519	413,686	3,394,205
5.3 Other marketable securities		1,076	-	1,076	1,021	-	1,021
VI. LOANS AND RECEIVABLES	(5)	20,313,295	5,339,130	25,652,425	9,217,230	2,536,025	11,753,255
6.1 Loans and receivables		20,104,514	5,339,130	25,443,644	9,094,408	2,536,025	11,630,433
6.1.1 Loans to Risk Group of the Bank		114,137	75,319	189,456	142,197	22,700	164,897
6.1.2 Public sector debt securities		-	-	-	-	-	-
6.1.3 Other		19,990,377	5,263,811	25,254,188	8,952,211	2,513,325	11,465,536
6.2 Non-performing loans		726,299	-	726,299	360,075	-	360,075
6.3 Specific provisions (-)		517,518	-	517,518	237,253	-	237,253
VII. FACTORING RECEIVABLES		-	-	-	-	-	-
VIII. HELD TO MATURITY INVESTMENTS (Net)	(6)	-	-	-	217,604	-	217,604
8.1 Public sector debt securities		-	-	-	217,604	-	217,604
8.2 Other marketable securities		-	-	-	-	-	-
IX. INVESTMENTS IN ASSOCIATES (Net)	(7)	-	-	-	-	-	-
9.1 Accounted for under equity method		-	-	-	-	-	-
9.2 Unconsolidated associates		-	-	-	-	-	-
9.2.1 Financial investments		-	-	-	-	-	-
9.2.2 Non-financial investments		-	-	-	-	-	-
X. INVESTMENTS IN SUBSIDIARIES (Net)	(8)	106,607	61,254	167,861	58,436	61,254	119,690
10.1 Unconsolidated financial subsidiaries		106,607	61,254	167,861	58,436	61,254	119,690
10.2 Unconsolidated non-financial subsidiaries		-	-	-	-	-	-
XI. ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(9)	5	-	5	5	-	5
11.1 Consolidated under equity method		-	-	-	-	-	-
11.2 Unconsolidated		5	-	5	5	-	5
11.2.1 Financial subsidiaries		-	-	-	-	-	-
11.2.2 Non-financial subsidiaries		5	-	5	5	-	5
XII. FINANCE LEASE RECEIVABLES	(10)	-	-	-	-	-	-
12.1 Finance lease receivables		-	-	-	-	-	-
12.2 Operating lease receivables		-	-	-	-	-	-
12.3 Other		-	-	-	-	-	-
12.4 Unearned income (-)		-	-	-	-	-	-
XIII. DERIVATIVE FINANCIAL ASSETS FOR HEDGING PURPOSES	(11)	22,787	13	22,800	11,114	43	11,157
13.1 Fair value hedge		9,524	13	9,537	11,114	43	11,157
13.2 Cash flow hedge		13,263	-	13,263	-	-	-
13.3 Hedge of net investment risks in foreign operations		-	-	-	-	-	-
XIV. TANGIBLE ASSETS (Net)	(12)	254,333	-	254,333	109,506	-	109,506
XV. INTANGIBLE ASSETS (Net)	(13)	438,346	-	438,346	10,156	-	10,156
15.1 Goodwill		421,124	-	421,124	-	-	-
15.2 Other		17,222	-	17,222	10,156	-	10,156
XVI. INVESTMENT PROPERTIES (Net)	(14)	-	-	-	-	-	-
XVII. TAX ASSET	(15)	67,309	-	67,309	13,093	-	13,093
17.1 Current tax asset		561	-	561	-	-	-
17.2 Deferred tax asset		66,748	-	66,748	13,093	-	13,093
XVIII. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(16)	-	-	-	-	-	-
18.1 Held for sale		-	-	-	-	-	-
18.2 Discontinued operations		-	-	-	-	-	-
XIX. OTHER ASSETS	(17)	623,668	94,217	717,885	392,331	66,391	458,722
TOTAL ASSETS		28,925,174	9,166,564	38,091,738	14,396,974	4,634,131	19,031,105

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
BALANCE SHEETS AS OF 31 DECEMBER 2011 AND 2010
(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

I. BALANCE SHEET – LIABILITIES AND EQUITY (STATEMENT OF FINANCIAL POSITION)

	Note Ref.	Audited Current Period 31.12.2011			Audited Prior Period 31.12.2010		
		TL	FC	Total	TL	FC	Total
I. DEPOSITS	(1)	14,699,033	8,187,579	22,886,612	8,408,010	3,591,140	11,999,150
1.1 Deposits from Risk Group of the Bank		556,777	292,848	849,625	1,180,754	253,759	1,434,513
1.2 Other		14,142,256	7,894,731	22,036,987	7,227,256	3,337,381	10,564,637
II. DERIVATIVE FINANCIAL LIABILITIES HELD FOR TRADING	(2)	157,708	92,249	249,957	64,433	31,046	95,479
III. FUNDS BORROWED	(3)	2,394,804	4,184,395	6,579,199	2,011,238	1,592,880	3,604,118
IV. MONEY MARKET BALANCES		1,104,748	-	1,104,748	74,357	-	74,357
4.1 Interbank money market takings		-	-	-	-	-	-
4.2 Istanbul Stock Exchange money market takings		-	-	-	-	-	-
4.3 Funds provided under repurchase agreements		1,104,748	-	1,104,748	74,357	-	74,357
V. MARKETABLE SECURITIES ISSUED (Net)		249,107	-	249,107	-	-	-
5.1 Bills		249,107	-	249,107	-	-	-
5.2 Asset backed securities		-	-	-	-	-	-
5.3 Bonds		-	-	-	-	-	-
VI. FUNDS		-	-	-	-	-	-
6.1 Borrower funds		-	-	-	-	-	-
6.2 Other		-	-	-	-	-	-
VII. SUNDRY CREDITORS		772,223	60,045	832,268	317,031	20,221	337,252
VIII. OTHER LIABILITIES	(4)	622,004	2,884	624,888	304,061	1,354	305,415
IX. FACTORING PAYABLES		-	-	-	-	-	-
X. FINANCE LEASE PAYABLES	(5)	-	-	-	-	13	13
10.1 Finance lease payables		-	1	1	-	17	17
10.2 Operating lease payables		-	-	-	-	-	-
10.3 Other		-	-	-	-	-	-
10.4 Deferred finance lease expenses (-)		-	1	1	-	4	4
XI. DERIVATIVE FINANCIAL LIABILITIES FOR HEDGING PURPOSES	(6)	50,447	-	50,447	56,547	-	56,547
11.1 Fair value hedge		23,398	-	23,398	56,547	-	56,547
11.2 Cash flow hedge		27,049	-	27,049	-	-	-
11.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
XII. PROVISIONS	(7)	487,425	746	488,171	171,507	19,530	191,037
12.1 General loan loss provisions		264,114	-	264,114	87,265	19,529	106,794
12.2 Restructuring provisions		2,663	-	2,663	228	-	228
12.3 Reserve for employee benefits		118,947	-	118,947	57,073	-	57,073
12.4 Insurance technical reserves (Net)		-	-	-	-	-	-
12.5 Other provisions		101,701	746	102,447	26,941	1	26,942
XIII. TAX LIABILITY	(8)	100,684	-	100,684	82,332	-	82,332
13.1 Current tax liability		100,684	-	100,684	82,332	-	82,332
13.2 Deferred tax liability		-	-	-	-	-	-
XIV. PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(9)	-	-	-	-	-	-
14.1 Held for sale		-	-	-	-	-	-
14.2 Discontinued operations		-	-	-	-	-	-
XV. SUBORDINATED LOANS	(10)	-	712,346	712,346	-	472,542	472,542
XVI. SHAREHOLDERS' EQUITY	(11)	4,225,316	(12,005)	4,213,311	1,813,164	(301)	1,812,863
16.1 Paid-in capital		2,204,390	-	2,204,390	1,100,000	-	1,100,000
16.2 Supplementary capital		690,984	(12,005)	678,979	95,060	(301)	94,759
16.2.1 Share premium		2,565	-	2,565	2,158	-	2,158
16.2.2 Share cancellation profits		-	-	-	-	-	-
16.2.3 Marketable securities valuation differences		(87,265)	(12,005)	(99,270)	91,976	(301)	91,675
16.2.4 Tangible assets revaluation differences		100,483	-	100,483	-	-	-
16.2.5 Intangible assets revaluation differences		-	-	-	-	-	-
16.2.6 Investment property revaluation differences		-	-	-	-	-	-
16.2.7 Bonus shares obtained from associates, subsidiaries and jointly controlled entities (Joint Vent.)		527	-	527	-	-	-
16.2.8 Hedging funds (Effective portion)		4,505	-	4,505	-	-	-
16.2.9 Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10 Other capital reserves		670,169	-	670,169	926	-	926
16.3 Profit reserves		1,113,770	-	1,113,770	317,803	-	317,803
16.3.1 Legal reserves		111,333	-	111,333	45,468	-	45,468
16.3.2 Status reserves		-	-	-	-	-	-
16.3.3 Extraordinary reserves		937,628	-	937,628	228,530	-	228,530
16.3.4 Other profit reserves		64,809	-	64,809	43,805	-	43,805
16.4 Profit or loss		216,172	-	216,172	300,301	-	300,301
16.4.1 Prior years' income/ (losses)		9,497	-	9,497	-	-	-
16.4.2 Current year income/ (loss)		206,675	-	206,675	300,301	-	300,301
16.5 Minority shares	(12)	-	-	-	-	-	-
TOTAL LIABILITIES AND EQUITY		24,863,499	13,228,239	38,091,738	13,302,680	5,728,425	19,031,105

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENTS OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS
AS OF 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note Ref.	Audited Current Period 31.12.2011			Audited Prior Period 31.12.2010		
		TL	FC	TOTAL	TL	FC	TOTAL
A. OFF BALANCE SHEET CONTINGENCIES AND COMMITMENTS (I+II+III)		23,301,805	25,398,288	48,700,093	9,506,454	9,511,892	19,018,346
I. GUARANTEES (1), (3)		3,443,715	4,619,067	8,062,782	1,985,101	2,083,282	4,068,383
1.1 Letters of guarantee		2,994,478	2,565,016	5,559,494	1,754,833	1,266,659	3,021,492
1.1.1 Guarantees subject to State Tender Law		149,521	47,724	197,245	85,204	15,287	100,491
1.1.2 Guarantees given for foreign trade operations		231,520	48,265	279,785	202,716	17,266	219,982
1.1.3 Other letters of guarantee		2,613,437	2,469,027	5,082,464	1,466,913	1,234,106	2,701,019
1.2 Bank loans		-	342,297	342,297	345	55,187	55,532
1.2.1 Import letter of acceptance		-	148,980	148,980	345	54,407	54,752
1.2.2 Other bank acceptances		-	193,317	193,317	-	780	780
1.3 Letters of credit		-	1,319,224	1,319,224	493	676,336	676,829
1.3.1 Documentary letters of credit		-	818,563	818,563	493	553,611	554,104
1.3.2 Other letters of credit		-	500,661	500,661	-	122,725	122,725
1.4 Prefinancing given as guarantee		-	-	-	-	-	-
1.5 Endorsements		-	-	-	-	-	-
1.5.1 Endorsements to the Central Bank of Turkey		-	-	-	-	-	-
1.5.2 Other endorsements		-	-	-	-	-	-
1.6 Securities issue purchase guarantees		-	-	-	-	-	-
1.7 Factoring guarantees		-	-	-	-	-	-
1.8 Other guarantees		447,251	309,354	756,605	228,526	50,508	279,034
1.9 Other collaterals		1,986	83,176	85,162	904	34,592	35,496
II. COMMITMENTS (1), (3)		6,582,962	1,544,570	8,127,532	3,300,200	416,634	3,716,834
2.1 Revocable commitments		6,582,962	1,544,570	8,127,532	3,300,200	416,634	3,716,834
2.1.1 Forward asset purchase commitments		157,738	1,461,274	1,619,012	463	363,776	364,239
2.1.2 Forward deposit purchase and sales commitments		-	-	-	-	-	-
2.1.3 Share capital commitment to associates and subsidiaries		4,000	-	4,000	2,000	-	2,000
2.1.4 Loan granting commitments		2,284,108	110	2,284,218	1,410,868	86	1,410,954
2.1.5 Securities underwriting commitments		-	-	-	-	-	-
2.1.6 Commitments for reserve deposit requirements		-	-	-	-	-	-
2.1.7 Payment commitment for checks		1,455,318	-	1,455,318	707,681	-	707,681
2.1.8 Tax and fund liabilities from export commitments		10,380	-	10,380	15,565	-	15,565
2.1.9 Commitments for credit card expenditure limits		2,661,586	-	2,661,586	1,152,230	-	1,152,230
2.1.10 Commitments for promotions related with credit cards and banking activities		7,608	-	7,608	2,986	-	2,986
2.1.11 Receivables from short sale commitments		-	-	-	-	-	-
2.1.12 Payables for short sale commitments		-	-	-	-	-	-
2.1.13 Other irrevocable commitments		2,224	83,186	85,410	8,407	52,772	61,179
2.2 Revocable commitments		-	-	-	-	-	-
2.2.1 Revocable loan granting commitments		-	-	-	-	-	-
2.2.2 Other revocable commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS (2)		13,275,128	19,234,651	32,509,779	4,221,153	7,011,976	11,233,129
3.1 Derivative financial instruments for hedging purposes		2,025,490	54,778	2,080,268	343,443	147,610	491,053
3.1.1 Fair value hedge		106,780	54,778	161,558	343,443	147,610	491,053
3.1.2 Cash flow hedge		1,918,710	-	1,918,710	-	-	-
3.1.3 Hedge of net investment in foreign operations		-	-	-	-	-	-
3.2 Held for trading transactions		11,249,638	19,179,873	30,429,511	3,877,710	6,864,366	10,742,076
3.2.1 Forward foreign currency buy/sell transactions		1,583,223	3,035,853	4,619,076	464,457	1,566,012	2,030,469
3.2.1.1 Forward foreign currency transactions-buy		480,076	1,822,569	2,302,645	140,012	966,486	1,106,498
3.2.1.2 Forward foreign currency transactions-sell		1,103,147	1,213,284	2,316,431	324,445	599,526	923,971
3.2.2 Swap transactions related to f.c. and interest rates		3,861,973	6,939,235	10,801,208	1,309,178	2,186,284	3,495,462
3.2.2.1 Foreign currency swap-buy		1,582,082	3,259,953	4,842,035	591,303	879,062	1,470,365
3.2.2.2 Foreign currency swap-sell		1,879,891	2,915,814	4,795,705	385,375	1,225,858	1,611,233
3.2.2.3 Interest rate swaps-buy		200,000	381,734	581,734	166,250	40,682	206,932
3.2.2.4 Interest rate swaps-sell		200,000	381,734	581,734	166,250	40,682	206,932
3.2.3 Foreign currency, interest rate and securities options		5,804,442	9,204,785	15,009,227	2,104,075	2,613,176	4,717,251
3.2.3.1 Foreign currency options-buy		2,226,882	5,120,817	7,347,699	861,455	1,377,898	2,239,353
3.2.3.2 Foreign currency options-sell		3,367,560	3,894,854	7,262,414	978,075	1,217,600	2,195,675
3.2.3.3 Interest rate options-buy		110,000	94,557	204,557	264,545	-	264,545
3.2.3.4 Interest rate options-sell		100,000	94,557	194,557	-	-	-
3.2.3.5 Securities options-buy		-	-	-	-	-	-
3.2.3.6 Securities options-sell		-	-	-	-	17,678	17,678
3.2.4 Foreign currency futures		-	-	-	-	498,894	498,894
3.2.4.1 Foreign currency futures-buy		-	-	-	-	246,626	246,626
3.2.4.2 Foreign currency futures-sell		-	-	-	-	252,268	252,268
3.2.5 Interest rate futures		-	-	-	-	-	-
3.2.5.1 Interest rate futures-buy		-	-	-	-	-	-
3.2.5.2 Interest rate futures-sell		-	-	-	-	-	-
3.2.6 Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGED ITEMS (IV+V+VI)		84,418,478	22,158,072	106,576,550	30,506,986	7,581,631	38,088,617
IV. ITEMS HELD IN CUSTODY		14,847,506	1,370,366	16,217,872	7,603,077	568,901	8,171,978
4.1 Assets under management		2,064,393	189	2,064,582	1,143,126	-	1,143,126
4.2 Investment securities held in custody		5,859,621	266,037	6,125,658	2,759,586	111,796	2,871,382
4.3 Checks received for collection		6,607,957	726,713	7,334,670	3,527,213	323,800	3,851,013
4.4 Commercial notes received for collection		315,115	123,766	438,881	171,883	60,274	232,157
4.5 Other assets received for collection		321	253,661	253,982	1,170	73,031	74,201
4.6 Assets received for public offering		-	-	-	-	-	-
4.7 Other items under custody		99	-	99	99	-	99
4.8 Custodians		-	-	-	-	-	-
V. PLEDGED ITEMS		69,439,307	20,756,568	90,195,875	22,863,395	7,004,752	29,868,147
5.1 Marketable securities		2,358,907	44,266	2,403,173	548,824	10,852	559,676
5.2 Guarantee notes		37,340,491	12,921,297	50,261,788	11,722,942	5,498,932	17,221,874
5.3 Commodity		11,732	342,758	354,490	38,558	106,280	144,838
5.4 Warranty		-	-	-	-	-	-
5.5 Properties		25,318,027	6,590,324	31,908,351	9,076,441	877,281	9,953,722
5.6 Other pledged items		4,410,150	857,923	5,268,073	1,476,630	511,407	1,988,037
5.7 Pledged items-depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		131,665	31,138	162,803	40,514	7,978	48,492
TOTAL OFF BALANCE SHEET ACCOUNTS (A+B)		107,720,283	47,556,360	155,276,643	40,013,440	17,093,523	57,106,963

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENTS OF INCOME FOR THE YEARS ENDED
31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. STATEMENT OF INCOME

	Note Ref.	Audited Current Period 01.01-31.12.2011	Audited Prior Period 01.01-31.12.2010
I. INTEREST INCOME	(1)	2,912,492	1,486,911
1.1 Interest on loans		2,446,041	1,209,205
1.2 Interest received from reserve deposits		-	14,539
1.3 Interest received from banks		9,781	7,166
1.4 Interest received from money market placements		1,341	1,912
1.5 Interest received from marketable securities portfolio		454,462	252,557
1.5.1 Held-for-trading financial assets		108,396	16,154
1.5.2 Financial assets at fair value through profit and loss		-	-
1.5.3 Available-for-sale financial assets		343,597	187,609
1.5.4 Investments held-to-maturity		2,469	48,794
1.6 Finance lease Income		-	-
1.7 Other interest income		867	1,532
II. INTEREST EXPENSE	(2)	1,537,490	728,569
2.1 Interest on deposits		1,063,992	495,140
2.2 Interest on funds borrowed		325,742	163,368
2.3 Interest on money market borrowings		107,887	49,498
2.4 Interest on securities issued		10,089	-
2.5 Other interest expense		29,780	20,563
III. NET INTEREST INCOME/EXPENSE (I - II)		1,375,002	758,342
IV. NET FEES AND COMMISSIONS INCOME/EXPENSE		335,848	412,216
4.1 Fees and commissions received		564,171	546,124
4.1.1 Non-cash loans		55,273	44,251
4.1.2 Other		508,898	501,873
4.2 Fees and commissions paid		228,323	133,908
4.2.1 Non-cash loans		887	1,172
4.2.2 Other		227,436	132,736
V. DIVIDEND INCOME	(3)	18,234	14,458
VI. NET TRADING INCOME	(4)	(24,308)	(3,934)
6.1 Securities trading gains/ (losses)		9,934	30,110
6.2 Gains/ (losses) from derivative financial instruments		48,226	(210,219)
6.3 Foreign exchange gains/ (losses)		(82,468)	176,175
VII. OTHER OPERATING INCOME	(5)	88,544	47,486
VIII. NET OPERATING INCOME (III+IV+V+VI+VII)		1,793,320	1,228,568
IX. PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(6)	130,842	151,016
X. OTHER OPERATING EXPENSES (-)	(7)	1,379,141	787,821
XI. NET OPERATING INCOME/(LOSS) (VIII-IX-X)		283,337	289,731
XII. AMOUNT IN EXCESS RECORDED AS GAIN AFTER MERGER		-	-
XIII. GAIN / (LOSS) ON EQUITY METHOD		-	-
XIV. GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV. PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(8)	283,337	289,731
XVI. TAX PROVISION FOR CONTINUED OPERATIONS (±)	(9)	76,662	62,744
16.1 Current income tax (charge)/benefit		27,871	83,748
16.2 Deferred tax (charge)/benefit		48,791	(21,004)
XVII. NET PROFIT/(LOSS) FROM CONTINUED OPERATIONS (XV±XVI)	(10)	206,675	226,987
XVIII. INCOME ON DISCONTINUED OPERATIONS		-	77,173
18.1 Income on assets held for sale		-	-
18.2 Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		-	77,173
18.3 Income on other discontinued operations		-	-
XIX. LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1 Loss from assets held for sale		-	-
19.2 Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3 Loss from other discontinued operations		-	-
XX. PROFIT / (LOSS) ON DISCONTINUED OPERATIONS BEFORE TAXES (XVIII-XIX)	(8)	-	77,173
XXI. TAX PROVISION FOR DISCONTINUED OPERATIONS (±)	(9)	-	3,859
21.1 Current income tax (charge)/benefit		-	3,859
21.2 Deferred tax (charge)/benefit		-	-
XXII. NET PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS (XX±XXI)	(10)	-	73,314
XXIII. NET PROFIT/LOSS (XVII+XXII)	(11)	206,675	300,301
23.1 Group's profit/loss		206,675	300,301
23.2 Minority shares		-	-
Earnings per share		0.0999	0.2730

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENTS OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

	Audited Current Period 01.01-31.12.2011	Audited Prior Period 01.01-31.12.2010
I. Additions to marketable securities valuation differences for available for sale financial assets	(177,385)	115,285
II. Tangible assets revaluation differences	-	-
III. Intangible assets revaluation differences	-	-
IV. Foreign exchange differences for foreign currency transactions	-	-
V. Profit/Loss from derivative financial instruments for cash flow hedge purposes (Effective portion of fair value differences)	5,631	-
VI. Profit/Loss from derivative financial instruments for hedge of net investment in foreign operations (Effective portion of fair value differences)	-	-
VII. The effect of correction of errors and changes in accounting policies	-	-
VIII. Other profit loss items accounted for under equity due to TAS	-	-
IX. Deferred tax of valuation differences	45,752	(15,924)
X. Total Net Profit/Loss accounted for under equity (I+II+...+IX)	(126,002)	99,361
XI. Profit/Loss	(65,707)	(29,234)
11.1 Change in fair value of marketable securities (Transfer to Profit/Loss)	(65,707)	(29,234)
11.2 Reclassification and transfer of derivatives accounted for cash flow hedge purposes to Income Statement	-	-
11.3 Transfer of hedge of net investments in foreign operations to Income Statement	-	-
11.4 Other	-	-
XII. Total Profit/Loss accounted for the period (X±XI)	(191,709)	70,127

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Audited	Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and Other Reserves	Share Premium	Share Certificate Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Differences	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets held for sale and from disc. op.	Equity Attributable to the Parent	Minority Shares	Total Equity	
I.	Prior Period – 01.01.-31.12.2010																				
	Beginning Balance – 31.12.2009	III-1	1,100,000	926	2,158	-	34,959	-	268,439	11,255	-	210,167	21,548	-	-	-	-	1,649,452	-	1,649,452	
II.	Corrections according to TAS 8																				
2.1	The effect of correction of errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	The effects of changes in accounting policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	New Balance (I+II)	III-1	1,100,000	926	2,158	-	34,959	-	268,439	11,255	-	210,167	21,548	-	-	-	-	1,649,452	-	1,649,452	
	Changes in period																				
IV.	Increase/Decrease related to merger																				
V.	Marketable securities valuation differences												70,127					70,127		70,127	
VI.	Hedging Funds (Effective Portion)																				
6.1	Cash-flow hedge																				
6.2	Hedge of net investment in foreign operations																				
VII.	Tangible assets revaluation differences																				
VIII.	Intangible assets revaluation differences																				
IX.	Bonus shares obtained from associates, subsidiaries and entities under common control (Joint vent.)																				
X.	Foreign exchange differences																				
XI.	The disposal of assets																				
XII.	The reclassification of assets																				
XIII.	The effect of change in associates' equity																				
XIV.	Capital increase																				
14.1	Cash																				
14.2	Internal sources																				
XV.	Share premium																				
XVI.	Share cancellation profits																				
XVII.	Inflation adjustment to paid-in capital																				
XVIII.	Other																				
XIX.	Period net income/(loss)										300,301							300,301		300,301	
XX.	Profit distribution						10,509		(39,909)	32,550		(210,167)						(207,017)		(207,017)	
20.1	Dividends distributed								(207,017)									(207,017)		(207,017)	
20.2	Transfers to reserves						10,509		167,108	32,550		(210,167)									
20.3	Other																				
	Closing Balance 31.12.2010																				
	(III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII+XIX+XX)		1,100,000	926	2,158	-	45,468	-	228,530	43,805	300,301	-	91,675	-	-	-	-	1,812,863	-	1,812,863	

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Audited	Note Ref	Paid-in Capital	Effect of Inflation Accounting on Capital and Other Reserves	Share Premium	Share Cancellation Profits	Legal Reserves	Statutory Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/(Loss)	Marketable Securities Valuation Differences	Tangible and Intangible Assets Revaluation Differences	Bonus shares obtained from Associates	Hedging Funds	Acc. val. diff. from assets held for sale and assets from disc. op.	Equity Attributable to the Parent	Minority Shares	Total Equity
I.	Current Period – 01.01-31.12.2011																			
	Prior period balance – 31.12.2010	III-1	1,100,000	926	2,158	-	45,468	-	228,530	43,805	-	300,301	91,675	-	-	-	-	1,812,863	-	1,812,863
	Changes in period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease related to merger	III-1	1,050,000	199,336	407	-	50,850	-	557,085	469,907	-	9,497	5,269	42,604	527	-	-	2,385,482	-	2,385,482
III.	Marketable securities valuation differences		-	-	-	-	-	-	-	-	-	-	(196,214)	-	-	-	-	(196,214)	-	(196,214)
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	4,505	-	4,505	-	4,505
4.1	Cash-flow hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	4,505	-	4,505	-	4,505
4.2	Hedge of net investment in foreign operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible assets revaluation differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Bonus shares obtained from associates, subsidiaries and entities under common control (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Foreign exchange differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The disposal of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The reclassification of assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The effect of change in associates' equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital increase		54,390	-	-	-	-	-	(54,390)	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal sources		54,390	-	-	-	-	-	(54,390)	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share cancellation profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Inflation adjustment to paid-in capital		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Period net income/(loss)		-	-	-	-	-	-	-	-	206,675	-	-	-	-	-	-	206,675	-	206,675
XVIII.	Profit distribution		-	-	-	-	15,015	-	206,403	21,004	-	(300,301)	-	57,879	-	-	-	-	-	-
18.1	Dividends distributed		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to reserves		-	-	-	-	15,015	-	206,403	21,004	-	(300,301)	-	57,879	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Closing Balance 31.12.2011																			
	(I+II+III+IV+V+VI+VII+VIII+IX+X+XI+XII+XIII+XIV+XV+XVI+XVII+XVIII)		2,204,390	200,262	2,565	-	111,333	-	937,628	534,716	206,675	9,497	(99,270)	100,483	527	4,505	-	4,213,311	-	4,213,311

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED
31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. STATEMENT OF CASH FLOWS

	Note Ref.	Audited Current Period 01.01-31.12.2011	Audited Prior Period 01.01-31.12.2010
A. CASH FLOWS FROM BANKING OPERATIONS			
1.1 Operating profit before changes in operating assets and liabilities		197,773	451,220
1.1.1 Interest received		2,896,488	1,438,220
1.1.2 Interest paid		(1,504,780)	(678,427)
1.1.3 Dividend received		18,234	14,458
1.1.4 Fees and commissions received		571,503	551,638
1.1.5 Other income		120,755	278,364
1.1.6 Collections from previously written off loans		67,938	144,042
1.1.7 Payments to personnel and service suppliers		(579,132)	(350,775)
1.1.8 Taxes paid		(83,622)	(40,067)
1.1.9 Others	(1)	(1,309,611)	(906,233)
1.2 Changes in operating assets and liabilities		(438,167)	623,405
1.2.1 Net (increase) decrease in financial assets held for trading		(323,410)	31,583
1.2.2 Net (increase) decrease in financial assets at fair value through profit or loss		-	-
1.2.3 Net (increase) decrease in due from banks and other financial institutions		61,733	9,999
1.2.4 Net (increase) decrease in loans		(5,883,439)	(2,894,511)
1.2.5 Net (increase) decrease in other assets		(79,551)	(166,227)
1.2.6 Net increase (decrease) in bank deposits		(69,982)	69,989
1.2.7 Net increase (decrease) in other deposits		5,610,952	1,501,726
1.2.8 Net increase (decrease) in funds borrowed		149,661	1,938,626
1.2.9 Net increase (decrease) in matured payables		-	-
1.2.10 Net increase (decrease) in other liabilities	(1)	95,869	132,220
I. Net cash provided from banking operations		(240,394)	1,074,625
B. CASH FLOWS FROM INVESTING ACTIVITIES			
II. Net cash provided from investing activities			
2.1 Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		(10,000)	(5,963)
2.2 Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	113,345
2.3 Fixed assets purchases		(67,941)	(20,262)
2.4 Fixed assets sales		793	220
2.5 Cash paid for purchase of financial assets available for sale		(3,867,707)	(4,345,559)
2.6 Cash obtained from sale of financial assets available for sale		3,465,087	2,674,518
2.7 Cash paid for purchase of investment securities		(1,243)	-
2.8 Cash obtained from sale of investment securities		106,038	672,602
2.9 Others	(1)	(9,480)	(5,938)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
III. Net cash provided from financing activities			
3.1 Cash obtained from funds borrowed and securities issued		719,999	-
3.2 Cash used for repayment of funds borrowed and securities issued		(235,287)	(8,613)
3.3 Capital increase		-	-
3.4 Dividends paid		-	(207,017)
3.5 Payments for finance leases		(35)	(16)
3.6 Other	(1)	-	-
IV. Effect of change in foreign exchange rate on cash and cash equivalents	(1)	166,409	41,105
V. Net increase / (decrease) in cash and cash equivalents		26,239	(16,953)
VI. Cash and cash equivalents at beginning of the period		3,221,163	2,336,935
VII. Cash and cash equivalents at end of the period		3,247,402	2,319,982

(*) The cash and cash equivalents at beginning of the period also includes cash and cash equivalents that were transferred from Fortis Bank A.Ş. as at 14 February 2011 amounting to TL 901,181.

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
PROFIT DISTRIBUTION TABLES FOR THE YEARS ENDED
31 DECEMBER 2011 AND 2010

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VII. PROFIT DISTRIBUTION TABLE

	(*)Audited Current Period 31.12.2011	Audited Prior Period 31.12.2010
I. DISTRIBUTION OF CURRENT YEAR INCOME		
1.1 CURRENT YEAR INCOME	283,337	366,904
1.2 TAXES AND DUTIES PAYABLE (-)	76,662	66,603
1.2.1 Corporate tax (Income tax)	27,871	87,607
1.2.2 Income withholding tax	-	-
1.2.3 Other taxes and duties (**)	48,791	(21,004)
A. NET INCOME FOR THE YEAR (1.1-1.2)	206,675	300,301
1.3 PRIOR YEARS' LOSSES (-)	-	-
1.4 FIRST LEGAL RESERVES (-)	-	15,015
1.5 OTHER STATUTORY RESERVES (-)	-	-
B. NET INCOME AVAILABLE FOR DISTRIBUTION [(A-(1.3+1.4+1.5))]	206,675	285,286
1.6 FIRST DIVIDEND TO SHAREHOLDERS (-)	-	-
1.6.1 To owners of ordinary shares	-	-
1.6.2 To owners of preferred shares	-	-
1.6.3 To owners of preferred shares (preemptive rights)	-	-
1.6.4 To profit sharing bonds	-	-
1.6.5 To holders of profit and loss sharing certificates	-	-
1.7 DIVIDENDS TO PERSONNEL (-)	-	-
1.8 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
1.9 SECOND DIVIDEND TO SHAREHOLDERS (-)	-	-
1.9.1 To owners of ordinary shares	-	-
1.9.2 To owners of preferred shares	-	-
1.9.3 To owners of preferred shares (preemptive rights)	-	-
1.9.4 To profit sharing bonds	-	-
1.9.5 To holders of profit and loss sharing certificates	-	-
1.10 SECOND LEGAL RESERVES (-)	-	-
1.11 STATUTORY RESERVES (-)	-	-
1.12 EXTRAORDINARY RESERVES	-	227,407
1.13 OTHER RESERVES	-	57,879
1.14 SPECIAL FUNDS	-	-
II. DISTRIBUTION OF RESERVES		
2.1 DISTRIBUTED RESERVES	-	-
2.2 SECOND LEGAL RESERVES (-)	-	-
2.3 DIVIDENDS TO SHAREHOLDERS (-)	-	-
2.3.1 To owners of ordinary shares(***)	-	-
2.3.2 To owners of preferred shares	-	-
2.3.3 To owners of preferred shares (preemptive rights)	-	-
2.3.4 To profit sharing bonds	-	-
2.3.5 To holders of profit and loss sharing certificates	-	-
2.4 DIVIDENDS TO PERSONNEL (-)	-	-
2.5 DIVIDENDS TO BOARD OF DIRECTORS (-)	-	-
III. EARNINGS PER SHARE		
3.1 TO OWNERS OF ORDINARY SHARES	-	0.2730
3.2 TO OWNERS OF ORDINARY SHARES (%)	-	27.30
3.3 TO OWNERS OF PREFERRED SHARES	-	-
3.4 TO OWNERS OF PREFERRED SHARES (%)	-	-
IV. DIVIDEND PER SHARE		
4.1 TO OWNERS OF ORDINARY SHARES	-	-
4.2 TO OWNERS OF ORDINARY SHARES (%)	-	-
4.3 TO OWNERS OF PREFERRED SHARES	-	-
4.4 TO OWNERS OF PREFERRED SHARES (%)	-	-

(*) General Assembly has not been held yet as of the issue date of this report.

(**) The amount in other taxes and duties is the deferred tax benefit/charge that is not subject to profit distribution.

The accompanying notes are an integral part of these financial statements.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

SECTION THREE
ACCOUNTING PRINCIPLES

I. Basis of Presentation

The Bank prepares financial statements and notes according to Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards (TAS), Turkish Financial Reporting Standards (TFRS), other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by Banking Regulation and Supervision Agency (BRSA), Turkish Commercial Code and Tax Legislation.

The prior period financial statements are presented in line with the principles of TAS No:1 "Fundamentals of Preparing and Presenting Financial Statements" published in the Official Gazette on 16 January 2005 with No: 25702, and in accordance with Turkish Accounting Standards and Turkish Financial Reporting Standards; and other principles, methods and explanations about accounting and financial reporting issued by the BRSA. Certain reclassifications have been made to the prior year financial statements in order to comply with the current year presentation whenever required. For comparison purposes, "Marketable Securities Impairment Losses" have been reclassified from "Provision for Loan Losses and Other Receivables" to "Interest Received from Marketable Securities Portfolio" in the income statement. (31 December 2010: TL 15,081). As of 31 December 2010 TL 43,805 which will not be subject to profit distribution in 31 December 2010 financial statements has been reclassified from "Extraordinary Reserves" to "Other Profit Reserves".

As explained in Note XXII. "Other Issues", transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated as of 14 February 2011. The related transaction has been accounted for in accordance with the requirements of TFRS 3 "Business Combination", and prior period balances presented in the financial statements and notes to the financial statements do not include any balances or figures related to Fortis Bank A.Ş.

II. Explanations on Usage Strategy of Financial Assets and Foreign Currency Transactions

The Bank aims to develop and promote products for the financial needs of each customer such as SMEs, multinational companies and small individual investors in line with Banking Legislation. The primary objective of the Bank is to increase profitability with optimum liquidity and minimum risk while fulfilling customer needs.

The Bank aims at creating an optimum maturity risk and working with a positive margin between cost of resource and product yield in the process of asset and liability management.

As a component of risk management strategy of the Bank, risk bearing short positions of currency, interest or price movements is performed only by the Treasury Asset-Liability Management using the limits defined by the Board of Directors. The Asset-Liability Committee manages the maturity mismatches while deciding the short, medium and long term strategies as well as adopting the principle of positive balance sheet margin as a pricing policy.

The Board of Directors allows a purchase risk in treasury operations and individual limits are defined by the Board of Directors for each product.

The Bank's hedging activities for the currency risk due to foreign currency available-for-sale equity instruments are described under the Currency Risk section; and the Bank's hedging activities from interest rate risk arising from fixed interest rate deposits and floating interest rate borrowings are described in detail under Interest Rate Risk section.

The Bank's Asset-Liability Committee approves the trading of various derivative instruments such as currency swaps, forwards and similar derivatives to hedge interest and currency exchange risks in line with the balance sheet structure.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

III. Explanations on Forward and Option Contracts and Derivative Instruments

Fair values of foreign currency forward and swap transactions are determined by comparing the period end Bank foreign exchange rates with the contractual forward rates discounted to the balance sheet date with the prevailing current market rates. The resulting gain or loss is reflected to the income statement.

In the assessment of fair value of interest rate swap instruments, interest amounts to be paid or to be received due to/from the fixed rate on the derivative contract are discounted to the balance sheet date with the current applicable fixed rate in the market that is prevailing between the balance sheet date and the interest payment date, whereas interest amounts to be paid or to be received due to/from the floating rate on the derivative contract are recalculated with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date and are discounted to the balance sheet date again with the current applicable market rates that are prevailing between the balance sheet date and the interest payment date. The differences between the fixed rate interest amounts and floating rate interest amounts to be received/paid are recorded in the profit/loss accounts in the current period.

The fair value of call and put option agreements are measured at the valuation date by using the current premium values of all option agreements, and the differences between the contractual premiums received/paid and the current premiums measured at valuation date are recognized in the statement of income.

Futures transactions are valued on a daily basis by the primary market prices and related unrealized gains or losses are reflected in the income statement.

The valuation of CDS transactions are based on discounting the differences between the existing and recalculated payment plans to the valuation date with current CDS interest rates.

As of 1 July 2008, the Bank has adopted fair value hedge accounting in order to avoid the effects of interest rate changes in the market by matching a portion of its swap portfolio with its loan portfolio. As of August 2011, the Bank has also adopted cash flow hedge accounting by matching a portion of its swap portfolio with its deposit basis. The details of the hedge accounting are explained in Section Five Note III.2.i.

While the Bank recognizes the fair value changes of the hedged items in the “other interest income” and “other interest expense” accounts, it recognizes the fair value changes of the hedging instruments related to the same period in the “gains/(losses) from derivative financial instruments” account.

Additionally, the difference between the fair value and carrying value of the hedged items as of the application date of hedge accounting is amortized based on their maturities and recognized in “other interest income” and “other interest expense” accounts.

IV. Explanations on Interest Income and Expenses

Interest income and expense are recognized in the income statement for all interest bearing instruments whose cash inflows and outflows are known on an accrual basis using the effective interest method. In accordance with the related regulation, realized and unrealized interest accruals of the non-performing loans are reversed and interest income related to these loans are recorded as interest income only when collected.

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

V. Explanations on Fees and Commission Income and Expenses

Fees for various banking services are recorded as income when collected and prepaid commission income on cash and non-cash loans is recorded as income by using effective interest rate in the related period.

Fees and commissions for funds borrowed paid to other financial institutions, as part of the transaction costs, are recorded as prepaid expenses by using effective interest rate and are expensed on the related periods.

The dividend income is reflected to the financial statements when the profit distribution is realized by the associates and subsidiaries.

VI. Explanations on Financial Assets

Financial instruments comprise financial assets, financial liabilities and derivative instruments. Risks related to these activities form a significant part among total risks the Bank undertakes. Financial instruments affect liquidity, market, and credit risks on the Bank's balance sheet in all respects. The Bank trades these instruments on behalf of its customers and on its own behalf.

Basically, financial assets create the majority of the commercial activities of the Bank. These instruments expose, affect and diminish the liquidity, credit and interest risks in the financial statements.

All regular way purchases and sales of financial assets are recognized on the settlement date i.e. the date that the asset is delivered to or by the Bank. Settlement date accounting requires (a) accounting of the asset when acquired by the institution and (b) disposing of the asset out of the balance sheet on the date settled by the institution; and accounting of gain or loss on disposal. In case of application of settlement date accounting, the institution accounts for the changes that occur in the fair value of the asset in the period between commercial transaction date and settlement date as in the assets that the institution settles.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Changes in fair value of assets to be received during the period between the trade date and the settlement date are accounted for in the same way as the acquired assets.

The methods and assumptions used in determining the reasonable estimated values of all of the financial instruments are described below.

Cash, Banks, and Other Financial Institutions

Cash and cash equivalents comprise cash on hand, demand deposits, and highly liquid short-term investments with maturity of 3 months or less following the purchase date, not bearing risk of significant value change, and that are readily convertible to a known amount of cash. The book value of these assets approximates their fair values.

Financial Assets at Fair Value through Profit and Loss

Trading securities are securities which were either acquired for generating a profit from short-term fluctuations in price or dealer's margin, or are securities included in a portfolio with a pattern of short-term profit taking.

Trading securities are initially recognized at cost. Transaction costs of the related securities are included in the initial cost. The positive difference between the cost and fair value of such securities is accounted for as interest and income accrual, and the negative difference is accounted for as "Impairment Provision on Marketable Securities".

TÜRK EKONOMİ BANKASI ANONİM ŞİRKETİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

(Amounts expressed in thousands of Turkish Lira (TL) unless otherwise stated.)

VI. Explanations on Financial Assets (continued)

Held to Maturity Investments and Financial Assets Available for Sale

Investments held to maturity include securities with fixed or determinable payments and fixed maturity where there is an intention of holding till maturity and the relevant conditions for fulfillment of such intention, including the funding ability other than loans and receivables.

Available for sale financial assets include all securities other than loans and receivables, securities held to maturity and securities held for trading.

Marketable securities are initially recognized at cost including the transaction costs.

After the initial recognition, available for sale securities are measured at fair value and the unrealized gain/loss originating from the difference between the amortized cost and the fair value is recorded in "Marketable Securities Valuation Differences" under the equity. Fair values of debt securities that are traded in an active market are determined based on quoted prices or current market prices. In the absence of prices formed in an active market, fair value of these securities is determined using the prices declared in the Official Gazette or other valuation methods stated in TAS.

After initial recognition, held to maturity investments are measured at amortized cost by using effective interest rate less impairment losses, if any.

The interests received from held to maturity investments are recorded as interest income.

Following the merger with Fortis Bank A.Ş., the Bank revised its risk management policies. As a result, held to maturity investments amounting to TL 261,199 are classified as financial assets available for sale in accordance with TAS 39.

There are no financial assets that have been previously classified as held to maturity investments but cannot be currently classified as held to maturity for two years due to "tainting" rule.

The Bank classifies its securities as referred to above at the acquisition date of related assets.

The sale and purchase transactions of the held to maturity investments are recorded on a settlement date basis.

Loans and Provisions for Impairment

Loans are financial assets those generated by lending money and exclude those that are held with the intention of trading or selling in the near future.

The Bank initially records loans and receivables at cost. In subsequent periods, in accordance with TAS, loans are measured at amortized cost using effective interest rate method.

Provision is set for the loans that may be doubtful and the amount is charged in the current period income statement. The provisioning criteria for non-performing loans are determined by the Bank's management for compensating the probable losses of the current loan portfolio, by evaluating the quality of loan portfolio, risk factors and considering the economic conditions, other facts and related regulations.

Specific reserves are provided for Group III, IV and V loans in accordance with the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" published in the Official Gazette No. 26333 dated 1 November 2006 which was amended with the communiqué published in the Official Gazette No. 27119 dated 23 January 2009. These provisions are reflected in the income statement under "Provision and Impairment Expenses - Special Provision Expense". The collections made regarding these loans are first deducted from the principal amount of the loan and the remaining collections are deducted from interest receivables.

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VI. Explanations on Financial Assets (continued)

The collections made related to loans for which provision is made in the current period are reversed from the “Provision for Loan Losses and Other Receivables” account in the income statement, and related interest income is credited to the “Interest Received from Non-performing Loans” account.

Releases of loan loss provisions are booked in “Other Operating Income” account and reversed from the “Provision and Impairment Expenses - Specific Provision Expense” account in the income statement.

In addition to specific loan loss provisions, within the framework of the regulation and principles referred to above; the Bank records general loan loss provision for loans and other receivables. The Bank calculated the general loan provision as 0.5% for cash loans and other receivables, and 0.1% for non-cash loans until 1 November 2006. Subsequent to the change in the regulation on “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No. 26333 dated 1 November 2006; Bank started to book general loan loss provision of 1% for cash loans and other receivables; and 0.2% for non-cash loans on the increase in the cash and non-cash loan portfolio as compared to their 31 October 2006 balances whereas allocating 0.5% general loan loss provision for cash loans and other receivables, and 0.1% for non-cash loans for the balances as of 31 October 2006. Together with the change in the same regulation made on 6 February 2008, the Bank started to book general loan loss provision of 2% for cash loans under watch-list and 0.4% for non-cash loans under watch-list.

In accordance with the amendment in the Communiqué “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No: 27947 dated 28 May 2011, if the loans and other receivables of the banks classified as standard loans and other receivables meet the required conditions set out in the Communiqué, loan agreement terms can be changed; however, if the change is related to the extension of the first payment schedule in the loan agreement, the general loan loss provision rate is applied as 5% for the related loans and other receivables and for loans and other receivables under watch-list. In accordance with the amendment in the Communiqué “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published in the Official Gazette No: 27968 dated 18 June 2011, as the consumer loan portfolio of the Bank is more than 20% of the total loans, the general loan loss provision rate applied by the Bank for consumer loans except for housing and vehicle loans classified under Group 1 shall be 4% whereas the general provision rate applied by the Bank for consumer loans except for housing and vehicle loans classified under Group 2 shall be 8%.

VII. Explanations on Impairment of Financial Assets

At each balance sheet date, the Bank evaluates the carrying amounts of its financial asset or a group of financial assets to determine whether there is an objective indication that those assets have suffered an impairment loss or not. If any such indication exists, the Bank determines the related impairment.

A financial asset or a financial asset group incurs impairment loss only if there is an objective indicator related to the occurrence (or nonoccurrence) of one or more than one event (“loss event”) after the first journalization of that asset; and such loss event (or events) causes, an impairment as a result of the effect on the reliable estimate of the expected future cash flows of the related financial asset and asset group. Irrespective of high probability the expected losses caused by the future events are not journalized.

VIII. Explanations on Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset when the Bank has a legally enforceable right to set off, and the intention of collecting or paying the net amount of related assets and liabilities or the right to offset the assets and liabilities simultaneously.

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IX. Explanations on Sales and Repurchase Agreements and Lending of Securities

The sales and purchase of government securities under repurchase agreements made with the customers are recorded in balance sheet accounts in accordance with the Uniform Chart of Accounts. Accordingly in the financial statements, the government bonds and treasury bills sold to customers under repurchase agreements are classified under securities held for trading, available for sale and held to maturity depending on the portfolio they are originally included in and are valued according to the valuation principles of the related portfolios. Funds obtained from repurchase agreements are classified as a separate sub-account under money markets borrowings account in the liabilities.

These transactions are short-term and consist of domestic public sector debt securities.

The income and expenses from these transactions are reflected to the “Interest Income on Marketable Securities” and “Interest Expense on Money Market Borrowings” accounts in the income statement.

As of 31 December 2011, the Bank has reverse repo amounting to TL 510,329 (December 31, 2010: None).

As of 31 December 2011, the Bank does not have any marketable securities lending transaction (31 December 2010: None).

X. Explanations on Assets Held for Sale, Discontinued Operations and Liabilities Related to Those Assets

Assets held for sale are those under a plan prepared by the management regarding the sale of the asset to be disposed (or else the group of assets), together with an active program for determination of buyers as well as for the completion of the plan. Also the asset (or else the group of assets) shall be actively marketed in conformity with its fair value. On the other hand, the sale is expected to be journalized as a completed sale within one year after the classification date; and the necessary transactions and procedures to complete the plan should demonstrate the fact that the possibility of making significant changes or canceling the plan is low.

The Bank does not have any assets held for sale.

A discontinued operation is a division of a bank that is either disposed or held for sale. Results of discontinued operations are included in the income statement separately.

XI. Explanations on Goodwill and Other Intangible Assets

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In the merger transaction where acquirer and acquiree exchange equity instruments, it is taken into account the fair value of equity shares exchanged and the difference between such amount and fair value of the acquiree's identifiable net asset value is accounted as goodwill. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, the acquirer shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period shall not exceed one year from the acquisition date.

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XI. Explanations on Goodwill and Other Intangible Assets (continued)

Goodwill arising on an acquisition of a business or a merger is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any. For the purposes of impairment testing, goodwill is allocated to each of the Bank's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the income statement. An impairment loss recognized for goodwill is not reversed in subsequent periods. On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal. The Bank's policy for goodwill arising on the merger transaction is described in Section Five, Note I-13.

As explained in Note XXII. "Other Issues", transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated as of 14 February 2011. Within the framework of TFRS 3 "Business Combination", identifiable assets and liabilities acquired at the merger date are measured at their acquisition date fair value. The amount of TL 421,124 which is the difference between the fair value of identifiable net asset value and the fair value of consideration transferred measured in accordance with TFRS 3, is accounted as goodwill in the 31 December 2011 financial statements of the Bank.

Intangible assets are accounted for at restated cost until 31 December 2004 in accordance with inflation accounting and are amortized with straight-line method, after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the intangible asset ready for use less reserve for impairment, if any, and amortized on a straight-line method. The cost of assets subject to amortization is restated after deducting the exchange differences, capitalized financial expenses and revaluation increases, if any, from the cost of the assets.

The other intangible assets of the Group comprise mainly softwares. The useful lives of such assets acquired are determined as 3-5 years by taking into consideration the expected utilization period, technical, technological or any other impairment and maintenance expenses necessary for the economic use of such assets. Softwares used are mainly developed within the Parent Bank by the Bank's personnel and the related expenses are not capitalized.

There are no anticipated changes in the accounting estimates about the amortization rate and amortization method and residual values that would have a significant impact in the current and future periods.

XII. Explanations on Tangible Fixed Assets

Properties are accounted for at their restated costs until 31 December 2004; after 31 December 2004 the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected, less reserve for impairment, if any. The straight-line method of depreciation is used for buildings and useful life is considered as 50 years.

Other tangible fixed assets are accounted for at their restated costs until 31 December 2004; afterwards the acquisition cost and any other cost incurred so as to prepare the fixed asset ready for use are reflected less reserve for impairment, if any, and depreciated on a straight-line method. Depreciation of assets held less than one year as of the balance sheet date is accounted for proportionately. No amendment has been made to the depreciation method in the current period. The annual rates used, which approximate rates based on the estimated economic useful lives of the related assets, are as follows:

	%
Buildings	2
Motor vehicles	10-20
Furniture, fixtures and office equipment and others	2-50

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XII. Explanations on Tangible Fixed Assets (continued)

Gain or loss resulting from disposals of the tangible fixed assets is reflected to the income statement as the difference between the net proceeds and net book value.

Maintenance costs of tangible fixed assets are capitalized if they extend the economic useful life of related assets. Other maintenance costs are expensed.

There are no pledges, mortgages or other restrictions on the tangible fixed assets.

There is no purchase commitments related to the tangible fixed assets.

There are no anticipated changes in the accounting estimates, which could have a significant impact in the current and future periods.

The Bank employs independent appraisers in determining the current fair values of its real estates when there is any indication of impairment in value of real estates. The impairment on the branches amounting to TL 11,594 is taken over with the transfer of Fortis Bank A.Ş. (31 December 2010: None).

As per the appraisals performed for the real estates held for resale included in "Other Assets" in the financial statements, there is a provision for impairment loss amounting to TL 3,261 (31December 2010 : TL 3,380).

XIII. Explanations on Leasing Transactions

Tangible fixed assets acquired by financial leases are accounted for in accordance with TAS No:17. In accordance with this standard, the leasing transactions, which consist of only foreign currency liabilities, are translated to Turkish Lira with the exchange rates prevailing at the transaction dates and they are recorded as an asset or a liability. The foreign currency liabilities are translated to Turkish Lira with the Bank's period end exchange rates. The increases/decreases resulting from the differences in the foreign exchange rates are recorded as expense/income in the relevant period. The financing cost resulting from leasing is distributed through the lease period to form a fixed interest rate.

In addition to the interest expense, depreciation expense is recorded for the depreciable leased assets in each period. The depreciation rate is determined in accordance with TAS No:16 "Accounting Standard for Tangible Fixed Assets" by taking the useful lives into account.

Operating lease payments are recognized as expense in the income statement on a straight line basis over the lease term.

The Bank does not have any leasing transactions as "Lessor".

XIV. Explanations on Provisions and Contingent Liabilities

Provisions are recognized when there is a present obligation, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are determined by using the Bank's best expectation of expenses in fulfilling the obligation, and discounted to present value if material.

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XV. Explanations on Liabilities Regarding Employee Benefits

Defined Benefit Plans

In accordance with existing social legislation in Turkey, the Bank is required to make lump-sum termination indemnities over a 30 day salary to each employee who has completed over one year of service, whose employment is terminated due to retirement or for reasons other than resignation or misconduct, and due to marriage, female employees terminating their employments within a year as of the date of marriage, or male employees terminating their employments due to their military service. The Bank is also required to make a payment for the period of notice calculated over each service year of the employee whose employment is terminated for reasons other than resignation or misconduct. Total benefit is calculated in accordance with TAS No:19 "Turkish Accounting Standard on Employee Benefits".

Such benefit plans are unfunded since there is no funding requirement in Turkey. The cost of providing benefits to the employees for the services rendered by them under the defined benefit plan is determined by independent actuaries annually using the projected unit credit method. All actuarial gains and losses are recognized in the income statement.

In calculating the related liability to be recorded in the financial statements for these defined benefit plans, the Group uses independent actuaries and also makes assumptions and estimation relating to the discount rate to be used, turnover of employees, future change in salaries/limits, etc. These estimations are reviewed annually. The carrying value of provision for employee termination benefits as of 31 December 2011 is TL 57,957 (31 December 2010: TL 24,178)

	31 December 2011	31 December 2010
Discount Rate (%)	9.55	10.00
Expected Inflation Rate (%)	5.13	5.10

As presented in detail in Note XXII. "Explanations on Other Matters", employees transferred to the Bank following the business combination of the Bank and Fortis Bank A.Ş. are the members of "Türk Dış Ticaret Bankası Mensupları Pension Fund Foundation" (the "Pension Fund") which was established in May 1964 under the Provisional Article 20 of Social Insurance Law No: 506. Technical financial statements of the Pension Fund are reviewed by a licensed actuary in accordance with Article 38 of the Insurance Supervisory Law and the "Actuary Regulations" issued based on the same article. As of 31 December 2011, the Pension Fund has 3,203 employees and 828 pensioners (31 December 2010: 4,520 employees and 785 pensioners).

Provisional Article 23 (1) of Banking Law No: 5411 (the "Banking Law") published in the Official Gazette no: 25983 on 1 November 2005 requires the transfer of bank funds to the Social Security Institution (the "SSI") within 3 years after the effective date of the Banking Law and the related paragraph also sets out the basis for the related transfer. However, Article 23 (1) of Banking Law No: 5411 was annulled based on the Constitutional Court's ruling issued on 22 March 2007 and ruled for the stay of execution as of 31 March 2007. The related Court ruling and its basis were published in the Official Gazette No: 26731 on 15 December 2007.

Following the publication of the said decree of the Constitutional Court, the Turkish Grand National Assembly (the "TGNA") initiated its studies on the development of new regulations in regards to the transfer of bank pension participations to the SSI and the related articles of the Social Security Law No: 5754 (the "New Law") that are set out to determine the basis of fund transfers were approved by the general assembly of the TGNA on 17 April 2008 and new regulations became effective with its publication in the Official Gazette No: 26870 on 8 May 2008.

The New Law requires the measurement of the present value of the liabilities in relation to the transferred individuals as of the transfer date by using the technical interest rate of 9.8% by a commission composed of representatives from the SSI, the Department of Finance, the Under-secretariat of Treasury, the Secretariat of the State Planning Organization, the BRSA, the SDIF and banks and funds, considering the income and expense per insurance segments specified under this law and any differences that may arise where pensions and wages paid by funds exceed the amounts specified under SSI regulations, and the new law also requires the completion of the transfer within 3 years starting from 1 January 2008. Upon the Council of Ministers' resolution issued in the Official Gazette, the transfer period has been extended for 2 years as of 14 March 2011.

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XV. Explanations on Liabilities Regarding Employee Benefits (continued)

Under the New Law, all other outstanding social rights and payments of participants (even though they are covered in their respective settlement deed) shall be covered by the companies employing pension fund participants following the transfer of the pension fund participants and/or those that are paid annuities and their beneficiaries to the Social Security Institution.

The technical financial statements of the Pension Fund are prepared by an independent actuary company and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared on 31 December 2011. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Since the Bank management anticipates that any potential liability that may be incurred during or after the transfer within the above-mentioned limits will be likely recoverable, they believe such liabilities will not bring any additional liability to the Bank.

Defined Contribution Plans

The Bank pays contributions to Social Security Funds on a mandatory basis. There are no other liabilities related to employee benefits to be provisioned.

XVI. Explanations on Taxation

Corporate tax

According to the Article 32 of the Corporate Tax Law No. 5520, announced in the Official Gazette dated 21 June 2006, the corporate tax rate is 20%.

The tax legislation requires advance tax of 20% to be calculated and paid based on earnings generated for each quarter. The amounts thus calculated and paid are offset from the final tax liability for the year. On the other hand, corporate tax and any related taxes paid to foreign tax offices for the income obtained from foreign branches are offset against the corporate tax levied in Turkey.

75% of participation shares held at least for two years and 75% of sale proceeds of real estate, to the extent that they are included in capital as required in Corporate Tax Law or they are retained in a special fund liability account for 5 years, and 75% of sale proceeds of real estate received from bank receivables are exempt from corporate taxation.

Tax returns are required to be filed between the first and twenty-fifth day of the fourth month following the balance sheet date and paid in one installment until the end of the related month.

According to the Corporate Tax Law, tax losses can be carried forward for a maximum period of five years following the year in which the losses are incurred. Tax authorities can inspect tax returns and the related accounting records for a retrospective maximum period of five years.

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XVI. Explanations on Taxation (continued)

Deferred Tax Liability / Asset

The Bank calculates and reflects deferred tax asset or liability on timing differences which will result in taxable or deductible amounts in determining taxable profit of future periods.

As of 31 December 2011 and 31 December 2010, in accordance with TAS No: 12 “Turkish Accounting Standard on Income Taxes” and the changes in the circular of BRSA numbered BDDK.DZM.2/13/1-a-3 dated 8 December 2004, the Bank calculated deferred tax asset on all deductible temporary differences except for general loan reserves, if sufficient taxable profit in future periods to recover such amounts is probable; as well as deferred tax liability on all taxable temporary differences. Deferred tax assets and liabilities are shown in the accompanying financial statements on a net basis.

The net deferred tax asset is included in deferred tax asset and the net deferred tax liability is reflected under deferred tax liability on the balance sheet. The deferred tax charge of TL 48,791 (31 December 2010: TL 21,004 deferred tax charge) is stated under the tax provision in the income statement. The deferred tax of TL 24,766 (31 December 2010: TL 21,310) resulting from differences related to items that are debited or charged directly to equity is netted with relevant account groups consisting of amounts from available-for-sale financial assets and hedge funds amounting to TL 25,892 and TL 1,126, respectively.

Furthermore, as per the above circular of BRSA, deferred tax benefit balance resulting from netting of deferred tax assets and liabilities should not be used in dividend distribution and capital increase.

XVII. Additional Explanations on Borrowings

The borrowing costs related to purchase, production, or construction of qualifying assets that require significant time to be prepared for use and sale are included in the cost of assets until the relevant assets become ready to be used or to be sold. Financial investment income obtained by temporary placement of undisbursed investment loan in financial investments is offset against borrowing costs qualified for capitalization

All other borrowing costs are recorded to the income statement in the period they are incurred.

Debt securities issued by the Bank are accounted at amortized cost using effective interest rate method. Explanations on debt securities issued by the Bank are described in Section Five, Note II-3.

The Bank has not issued convertible bonds.

XVIII. Explanations on Issued Share Certificates

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two bank by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry. Due to the merger, ceiling for the registered capital of the Bank is increased from TL 1,400,000 to TL 2,204,390, and the issued capital of the Bank is increased by TL 1,104,390 from TL 1,100,000 to TL 2,204,390.

XIX. Explanations on Acceptances

Acceptances are realized simultaneously with the payment dates of the customers and they are presented as probable commitments in off-balance sheet accounts.

XX. Explanations on Government Incentives

There are no government incentives utilized by the Bank.

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XXI. Explanations on Reporting According to Segmentation

The Bank mainly operates in retail and corporate banking segments. Due to the merger of the Bank with Fortis Bank A.Ş. and changes in the structure of segments at 14 February 2011, segment reporting of balance sheet and income statement is presented only for the current period.

Current Period	Retail	Corporate	Treasury/ Head Office	Total
Net interest income	190,758	689,986	494,258	1,375,002
Net fees and commissions income and other operating income	66,652	92,933	264,807	424,392
Trading profit / loss	10,464	57,879	(92,651)	(24,308)
Dividend income	-	-	18,234	18,234
Impairment provision for loans and other receivables (-)	55,610	94,611	19,379	130,842
Other operating expenses (-)	221,838	400,530	756,773	1,379,141
Profit before taxes	(9,574)	345,657	(52,746)	283,337
Tax provision (-)	-	-	76,662	76,662
Net profit for the period	(9,574)	345,657	(129,408)	206,675

Current Period	Retail	Corporate	Treasury/ Head Office	Total
Segment assets	17,454,651	6,039,153	14,430,068	37,923,872
Investments in associates, subsidiaries and jointly controlled entities	-	-	167,866	167,866
Total Assets	17,454,651	6,039,153	14,597,934	38,091,738
Segment liabilities	11,520,914	11,281,502	11,076,011	33,878,427
Shareholders' equity	-	-	4,213,311	4,213,311
Total Liabilities	11,520,914	11,281,502	15,289,322	38,091,738

XXII. Explanations on Other Matters

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two banks by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry.

The merger is recognized by using the purchase method under TFRS 3 "Business Combinations". Under the purchase method, the acquiree's, Fortis Bank A.Ş., the identifiable assets acquired and identifiable liabilities assumed at the date of the merger are recognized at fair value and classified under the related account items in the financial statements. TL 48,783 of fair value difference is reflected in the related asset and liability items in the financial statements and its equity effect is included in the other capital reserves account. TL 421,124 of positive difference between the fair value of the consideration transferred amounting to TL 2,385,482 and net amount of identifiable assets acquired amounting to TL 1,964,358 is accounted as goodwill in the financial statements and its equity effect is included in the other capital reserves account.

The measurement period for the recognition of the business combination required in Paragraph 45 of TFRS 3 is one year as of the merger date, at maximum. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the acquirer shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date.

The bonds with an ISIN Code of TRQTEBK11215 having nominal value of TL 300,000 with a maturity of 178 days issued by the Bank through the public offering on 19 July 2011 using the book building method at the dates of 13-14-15 July 2011 pursuant to the Board Registration Certificate of the Capital Markets Board dated 7 July 2011 and numbered 15/BB-617 have been matured and redeemed as of 13 January 2012.

As per the decision of the Exchange General Committee's meeting held on 22 June 2011, the bonds with a nominal value of TL 350,000 having a maturity of 178 days and a compound interest rate of 11.3845% that are issued by the Bank through the public offering made on 19-20 January 2012 have been traded on the Exchange Bonds and Bills Market with the ISIN Code of "TRQTEBK71219" as of 26 January 2012.

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SECTION FOUR

INFORMATION ON FINANCIAL STRUCTURE

I. Explanations Related to Capital Adequacy Standard Ratio

The method used for risk measurement in determining capital adequacy standard ratio; Capital Adequacy Standard Ratio is calculated in accordance with the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks ", which was published on 1 November 2006 in the Official Gazette numbered 26333 and the Communiqué on "The Amendment in the Communiqué on Measurement and Assessment of Capital Adequacy of Banks" which was published on 10 October 2007 in the Official Gazette numbered 26669. The Bank's unconsolidated capital adequacy ratio in accordance with the related Communiqué is 14.23% at 31 December 2011 (31 December 2010: 14.43%).

In the computation of capital adequacy standard ratio, information prepared in accordance with statutory accounting requirements is used. Additionally, the market risk amount is calculated in accordance with the Communiqué on the "Measurement and Assessment of Capital Adequacy of Banks" and is taken into consideration in the capital adequacy standard ratio calculation.

The values deducted from the capital base in the shareholders' equity computation are excluded while calculating risk-weighted assets, non-cash loans and contingent liabilities. Assets subject to depreciation and impairment among risk-weighted assets are included in the calculations over their net book values after deducting the relative depreciations and provisions.

While calculating the basis of non-cash loans subject to credit risk, the net receivable amount from the counter parties net of provision amount set in accordance with the "Communiqué on Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" is multiplied by the loan conversion rates presented in the Article 5, the Clause 1 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

Receivables from counter parties from derivative foreign currency and interest rate transactions are multiplied by the loan conversion rates presented in the Article 5, the Clause 2 of the Communiqué on "Measurement and Assessment of Capital Adequacy of Banks", and calculated by applying the risk weights presented in the Capital Adequacy Analysis Form.

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I. Explanations Related to Capital Adequacy Standard Ratio (continued)

Information related to the capital adequacy ratio:

	Risk Weight						
	0%	10%	20%	50%	100%	150%	200%
Risk Weighted Assets, Liabilities and Non-Cash Loans							
Balance Sheet Items (Net)	10,132,862	-	775,689	7,631,454	16,860,437	312,374	590,677
Cash	813,076	-	-	-	-	-	-
Matured Marketable Securities	-	-	-	-	-	-	-
Due From Central Bank of Turkey	1,616,648	-	-	-	-	-	-
Due From Domestic Banks, Foreign Banks, Branches and Head Office Abroad	14,646	-	252,877	-	72,577	-	-
Interbank Money Market Placements	-	-	-	-	-	-	-
Receivables From Reverse Repo Transactions	510,000	-	-	-	-	-	-
Reserve Deposits	1,588,531	-	-	-	-	-	-
Loans	714,612	-	148,676	7,549,559	15,485,916	312,374	590,677
Non-performing loans (Net)	-	-	-	-	208,781	-	-
Financial Lease Receivables	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	4,529,554	-	-	-	30,130	-	-
Held to Maturity Investments	-	-	-	-	-	-	-
Receivables From Installment Sales of Assets	-	-	-	-	111	-	-
Sundry Debtors	22,972	-	320,411	-	17,149	-	-
Interest and Income Accruals	75,246	-	956	81,895	539,465	-	-
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.) (Net)	-	-	-	-	167,866	-	-
Tangible Assets	-	-	-	-	195,686	-	-
Other Assets	247,577	-	52,769	-	142,756	-	-
Off-Balance Sheet Items	204,886	-	754,645	-	5,403,335	-	-
Guarantees and Commitments	204,886	-	439,233	-	5,258,811	-	-
Derivative Financial Instruments	-	-	315,412	-	144,524	-	-
Non Risk Weighted Accounts	-	-	-	-	-	-	-
Total Value at Risk	10,337,748	-	1,530,334	7,631,454	22,263,772	312,374	590,677
Total Risk Weighted Assets	-	-	306,067	3,815,727	22,263,772	468,561	1,181,354

Summary information related to the capital adequacy ratio:

	Current Period	Prior Period
Total Risk Weighted Assets (TRWA)	28,035,481	13,122,377
Amount Subject to Market Risk (ASMR)	607,150	694,138
Amount Subject to Operational Risk (ASOR) (*)	3,628,847	1,724,813
Shareholders' Equity	4,591,376	2,242,780
Shareholders' Equity / (TRWA + ASMR + ASOR) *100	14.23	14.43

TRWA: Total Risk Weighted Assets

ASMR: Amount Subject to Market Risk

ASOR: Amount Subject to Operational Risk

(*) Operational risk has been calculated by using the Basic Indicator Approach.

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I. Explanations Related to Capital Adequacy Standard Ratio (continued)

Information related to the components of shareholders' equity:

	Current Period	Prior Period
CORE CAPITAL		
Paid-in capital	2,204,390	1,100,000
Nominal capital	2,204,390	1,100,000
Capital commitments (-)	-	-
Paid-in capital indexation difference	200,262	926
Share premium	2,565	2,158
Cancellation profits	-	-
Legal reserves	111,333	45,468
First legal reserve (Turkish Commercial Code 466/1)	101,547	39,932
Second legal reserve (Turkish Commercial Code 466/2)	9,786	5,536
Other legal reserve per special legislation	-	-
Statutory reserves	-	-
Other reserves(*)	485,933	43,805
Extraordinary reserves	937,628	228,530
Reserves allocated by the General Assembly	937,628	228,530
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Indexation differences of legal, statutory and extraordinary reserves	-	-
Profit	216,172	300,301
Current period net profit	206,675	300,301
Prior years' profits	9,497	-
Provision for possible losses up to 25% of the Core Capital	-	-
Gains on sale of associates and subsidiaries and properties to be added to capital	100,483	-
Primary subordinated loans up to 15% of the Core Capital	188,890	153,760
Losses that cannot be covered by reserves (-)	-	-
Net current period loss	-	-
Prior years' losses	-	-
Leasehold improvements (-)	58,647	34,884
Prepaid expenses (-)	-	22,742
Intangible assets (-)	438,346	10,156
Deferred tax asset exceeding 10% of the Core Capital (-)	-	-
Excess amount in the Article 56, Clause 3 of the Banking Law (-)	-	-
Total Core Capital	3,950,663	1,807,166
SUPPLEMENTARY CAPITAL		
General loan loss reserves	264,114	106,794
45% of the revaluation reserve for movable fixed assets	-	-
45% of the of revaluation reserve for properties	-	-
Bonus shares obtained from associates, subsidiaries and entities under common control	527	-
Primary subordinated loans excluded in the calculation of the Core Capital	-	-
Secondary subordinated loans	476,704	287,566
45% of Marketable securities valuation differences	(99,270)	41,254
Associates and subsidiaries	-	-
Available for sale securities	(99,270)	41,254
Indexation differences for capital reserves, profit reserves and retained earnings (Except indexation differences for legal reserves, statutory reserves and extraordinary reserves)	-	-
Total Supplementary Capital	642,075	435,614
TIER III CAPITAL	-	-
CAPITAL	4,592,738	2,242,780
DEDUCTIONS FROM THE CAPITAL	1,362	-
Shareholdings of banks and financial institutions (Domestic, Foreign) from which the Bank keeps ten percent or more of capitals	-	-
Shareholdings of unconsolidated banks and financial institutions (Domestic, Foreign) from which the Bank keeps less than ten percent of capitals which exceed the ten percent of Bank's Core and Supplementary Capital	-	-
Secondary subordinated loans granted to Banks and Financial Institutions (Domestic, Foreign) or Qualified Shareholders and placements that possess the nature of their Primary or Secondary Subordinated Debt	-	-
Loans granted being non-compliant with the Articles 50 and 51 of the Banking Law	305	-
The net book value of properties exceeding fifty percent of equity and properties held for sale and properties and commodity to be disposed, acquired in exchange of loans and receivables according to the Article 57 of the Banking Law and have not been disposed yet after 5 years after foreclosure	1,057	-
Other	-	-
Total Shareholders' Equity	4,591,376	2,242,780

(*) Value increases due to the merger is included in "other reserves".

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II. Explanations Related to Credit Risk

Credit risk is the risk that the Bank is a party in a contract whereby the counterparty fails to meet its obligation and causes to incur a financial loss.

The credit allocation is performed on a debtor and a debtor group basis within the limits. In the credit allocation process, many financial and non-financial criteria are taken into account within the framework of the internal rating procedures of the Bank. These criteria include geographical and sector concentrations. The sector concentrations for loans are monitored closely. In accordance with the Bank's loan policy, the rating of the companies, credit limits and guarantees are considered together, and credit risks incurred are monitored.

The credit risks and limits related to treasury activities, the limits of the correspondent banks that are determined by their ratings and the control of the maximum acceptable risk level in relation to the equity of the Bank are monitored daily. Risk limits are determined in connection with these daily transactions, and risk concentration is monitored systematically concerning off-balance sheet operations.

As prescribed in the Communiqué on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves", the credit worthiness of the debtors of the loans and other receivables is monitored regularly. Most of the statements of accounts for the loans are derived from audited financial statements. The unaudited documents result from the timing differences between the loan allocation and the audit dates of the financial statements of the companies and subsequently the audited financial statements are obtained from the companies. Credit limits are determined according to the audited statement of accounts, and guarantee factors are developed in accordance with the decision of the credit committee considering the characteristics of the transactions and the financial structures of the companies.

For the forward transactions and other similar positions of the Bank, operational limits are set by the Board of Directors and the transactions take place within these limits.

The fulfillment of the benefits and proceeds related to forward transactions is realized at maturity. However, in order to minimize the risk, counter positions of existing risks are entered into in the market due to necessity.

Indemnified non-cash loans are subject to the same risk weight as outstanding loans matured but not yet paid.

Since the volume of the restructured loans is not material to the financial statements, no additional follow up methodology is developed, except as stated in the regulations.

Financial institutions abroad and country risks of the Bank are generally taken for the financial institutions and countries that are rated at investment level by international rating agencies and which do not have the risk of failing to meet minimum obligations. Therefore, the probable risks are not material when the financial structure of the Bank is concerned.

The Bank does not have a material credit risk concentration as an active participant in the international banking market when the financial operations of the other financial institutions are concerned.

As of 31 December 2011, the receivables of the Bank from its top 100 cash loan customers amount to TL 3,274,126 (31 December 2010: TL 1,898,762) with a share of 12.87% in the total cash loans (31 December 2010: 16.33%).

As of 31 December 2011, the receivables of the Bank from its top 100 non-cash loan customers amount to TL 2,948,196 (31 December 2010: TL 1,524,875) with a share of 36.57% in the total non-cash loans (31 December 2010: 37.48%).

As of 31 December 2011, the share of cash and non-cash receivables of the Bank from its top 100 customers in total balance sheet and off-balance sheet assets is 5.76% (31 December 2010: 7.13%).

As of 31 December 2011, the general loan loss provision related with the credit risk taken by the Bank is TL 264,114 (31 December 2010: TL 106,794).

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II. Explanations Related to Credit Risk (continued)

Credit risk by types of borrowers and geographical concentration:

	Loans to Real Persons and Legal Entities		Loans to Banks and Other Financial Institutions		Marketable Securities*		Other Loans**	
	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period	Current Period	Prior Period
Loans according to borrowers								
Private Sector	17,387,320	8,235,969	482,285	383,387	-	-	356,152	275,780
Public Sector	50,666	34,738	-	-	5,557,582	3,707,870	-	-
Banks	-	-	900,566	723,369	-	-	61,254	61,254
Retail	7,682,972	3,079,276	-	-	-	-	-	-
Share Certificates	-	-	-	-	23,937	17,880	106,612	-
Total	25,120,958	11,349,983	1,382,851	1,106,756	5,581,519	3,725,750	524,018	337,034
Information according to geographical concentration								
Domestic	24,911,281	11,213,636	1,210,708	859,680	5,572,191	3,722,362	462,764	275,780
European Union Countries	15,806	48,662	51,396	104,947	-	-	61,254	61,254
OECD Countries***	-	605	2,524	5,449	-	-	-	-
Off-shore Banking Regions	132,070	22,821	71,591	86,114	5,117	1,197	-	-
USA, Canada	-	8,906	45,619	50,289	4,211	2,191	-	-
Other Countries	61,801	55,353	1,013	277	-	-	-	-
Total	25,120,958	11,349,983	1,382,851	1,106,756	5,581,519	3,725,750	524,018	337,034

* Includes marketable securities designated at fair value through profit or loss, available-for-sale and held-to-maturity.

** Includes the on balance sheet transactions classified in the Uniform Chart of Accounts except the ones in the first three categories and the transactions defined as loan in the Article 48 of the Banking Act No: 5411.

*** OECD countries other than European Union countries, USA and Canada.

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II. Explanations Related to Credit Risk (continued)

Information according to geographical concentration :

	Assets	Liabilities	Non-Cash Loans	Equity Investments	Net Income/ Loss
Current Period					
Domestic	37,235,932	25,660,716	7,960,645	-	206,675
European Union Countries	301,836	7,074,736	18,215	-	-
OECD Countries (*)	24,287	68,119	8	-	-
Off-shore Banking Regions	208,798	80,398	7,246	-	-
USA, Canada	90,205	588,688	-	-	-
Other Countries	62,814	405,770	76,668	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	167,866	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	37,923,872	33,878,427	8,062,782	167,866	206,675
Prior Period					
Domestic	18,407,235	12,097,287	3,990,167	-	300,301
European Union Countries	234,627	4,282,946	10,805	-	-
OECD Countries (*)	10,333	38,416	-	-	-
Off-shore Banking Regions	112,941	239,871	16,123	-	-
USA, Canada	90,644	364,134	-	-	-
Other Countries	55,630	195,588	51,288	-	-
Associates, Subsidiaries and Entities Under Common Control (Joint Vent.)	-	-	-	119,695	-
Unallocated Assets/Liabilities (**)	-	-	-	-	-
Total	18,911,410	17,218,242	4,068,383	119,695	300,301

(*) OECD countries other than EU countries, USA and Canada.

(**) Assets and liabilities that cannot be allocated on a coherent basis.

Sector concentrations for cash loans :

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	880,703	4.38	120,828	2.26	351,395	3.86	85,443	3.37
Farming and Raising Livestock	798,178	3.97	117,317	2.20	312,455	3.44	69,417	2.74
Forestry, Wood and Paper	65,509	0.33	2,775	0.05	30,259	0.32	15,857	0.62
Fishery	17,016	0.08	736	0.01	8,681	0.10	169	0.01
Manufacturing	6,554,719	32.60	3,772,639	70.66	3,184,687	35.02	1,779,644	70.17
Mining and Quarry	346,748	1.72	191,632	3.59	175,602	1.93	53,291	2.10
Production	6,149,346	30.59	3,504,032	65.63	2,997,436	32.96	1,676,625	66.11
Electricity, Gas and Water	58,625	0.29	76,975	1.44	11,649	0.13	49,728	1.96
Construction	1,068,864	5.32	240,910	4.51	410,875	4.52	89,223	3.52
Services	4,436,500	22.07	1,107,648	20.75	1,797,746	19.77	545,329	21.51
Wholesale and Retail Trade	1,240,317	6.17	236,538	4.43	480,878	5.29	50,846	2.00
Hotel, Tourism, Food and Beverage Services	300,699	1.50	166,052	3.11	123,398	1.36	86,278	3.40
Transportation and Communication	733,676	3.65	222,191	4.16	335,031	3.68	117,564	4.64
Financial Institutions	680,235	3.38	118,950	2.23	488,601	5.37	42,045	1.66
Real Estate and Renting Services	315,511	1.57	320,555	6.00	143,417	1.58	237,524	9.38
Self-Employment Services	786,029	3.91	27,346	0.51	90,466	0.99	1,556	0.06
Education Services	96,353	0.48	141	0.01	11,033	0.12	277	0.01
Health and Social Services	283,680	1.41	15,875	0.30	124,922	1.38	9,239	0.36
Other(*)	7,163,728	35.63	97,105	1.82	3,349,705	36.83	36,386	1.43
Total	20,104,514	100.00	5,339,130	100.00	9,094,408	100.00	2,536,025	100.00

(*) Accruals are included in other.

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II. Explanations Related to Credit Risk (continued)

The table below shows the maximum exposure to credit risk for the components of the financial statements:

	Current Period	Prior Period
Central Bank of Turkey	3,205,179	1,711,896
Due from banks	341,055	703,484
Other money markets	510,329	-
Trading financial assets	946,919	96,061
Derivative financial instruments held for trading	319,616	98,991
Derivative financial instruments for hedging purposes	22,800	11,157
Financial assets available-for-sale	4,634,600	3,412,085
Held-to-maturity investments	-	217,604
Loans	25,652,425	11,753,255
Total	35,632,923	18,004,533
Contingent liabilities	8,062,782	4,068,383
Commitments	8,127,532	3,716,834
Total	16,190,314	7,785,217
Total credit risk exposure	51,823,237	25,789,750

Credit quality per class of financial assets as of 31 December 2011 and 31 December 2010 is as follows:

Current Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and receivables			
Commercial loans	16,968,403	788,404	17,756,807
Consumer loans	5,998,435	505,521	6,503,956
Credit cards	1,212,389	179,273	1,391,662
Total	24,179,227	1,473,198	25,652,425

Prior Period	Neither past due nor impaired	Past due or individually impaired	Total
Loans and receivables			
Commercial loans	8,100,720	490,009	8,590,729
Consumer loans	2,491,312	91,843	2,583,155
Credit cards	504,616	74,755	579,371
Total	11,096,648	656,607	11,753,255

Carrying amount per class of financial assets whose terms have been renegotiated:

	Current Period	Prior Period
Loans and receivables		
Commercial loans	75,913	122,144
Consumer loans	27,326	2,957
Credit cards	2,741	4,162
Total	105,980	129,263

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II. Explanations Related to Credit Risk (continued)

Credit Rating System

The credit risk is assessed through the internal rating system of the Bank, by classifying loans from highest grade to lowest grade according to the probability of default. As of 31 December 2011, consumer loans and business loans are excluded from the internal rating system of the Bank and those loans are 35% of total loan portfolio. The risks that are subject to rating models can be allocated as follows:

Category	Description of Category	Share in the Total %
1st Category	The borrower has a very strong financial structure	29.22
2nd Category	The borrower has a good financial structure	30.16
3rd Category	The borrower has an intermediate level of financial structure	32.53
4th Category	The financial structure of the borrower has to be closely monitored in the medium term	8.09
Total		100.00

III. Explanations Related to Market Risk

The Bank has established market risk management operations and taken the necessary precautions in order to hedge market risk within its financial risk management purposes, in accordance with the Communiqué on “Measurement and Assessment of Capital Adequacy of Banks” issued on Official Gazette dated 1 November 2006 numbered 26333.

The Board of Directors determines the limits for the basic risk that the Bank is exposed to. Those limits are revised periodically in line with the market forces and strategies of the Bank. Additionally, the Board of Directors has ensured that the risk management division and senior management has taken necessary precautions to describe, evaluate, control and manage risks faced by the Bank.

Interest rate and exchange rate risks, arising from the volatility in the financial markets, of the financial positions taken by the Bank related to balance sheet and off-balance sheet accounts are measured, and in the computation of capital adequacy, the amount subject to VAR calculated by using the standard method (summarized below) is taken into consideration. Besides the standard method, VAR is calculated by using internal model as supported by scenario analysis and stress tests. VAR is calculated daily by three different methods which are historic simulation, Monte Carlo simulation and parametric method, and results are reported daily to the management.

a) Information Related to Market Risk

	Amount
(I) Capital Requirement to be Employed For General Market Risk - Standard Method	40,860
(II) Capital Requirement to be Employed For Specific Risk - Standard Method	2,272
(III) Capital Requirement to be Employed For Currency Risk - Standard Method	5,436
(IV) Capital Requirement to be Employed For Commodity Risk – Standard Method	-
(V) Capital Requirement to be Employed For Settlement Risk - Standard Method	-
(VI) Total Capital Requirement to be Employed For Market Risk Resulting From Options - Standard Method	4
(VII) Total Capital Requirement to be Employed For Market Risk in Banks Using Risk Measurement Model	-
(VIII) Total Capital Requirement to be Employed For Market Risk (I+II+III+IV+V+VI)	48,572
(IX) Amount Subject to Market Risk (12,5 x VIII) or (12,5 x VII)	607,150

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III. Explanations Related to Market Risk (continued)

b) Average market risk table calculated at month ends during the period:

	Current Period			Prior Period		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	62,972	74,316	51,516	27,944	46,166	17,022
Common Stock Risk	3,757	3,818	2,793	1,266	2,763	583
Currency Risk	10,894	23,838	9,268	6,390	6,595	4,050
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option Risk	131	737	554	131	7	9
Total Value Subject to Risk (*)	971,927	1,283,863	801,638	446,643	694,138	270,800

(*) "Total Value Subject to Risk" is calculated as the total amount of capital requirements for the market risk multiplied by 12.5.

Other price risks

The Bank is not subject to a significant share price risk due to share certificates.

IV. Explanations Related to Operational Risk

- a) Operational risk has been calculated using the Basic Indicator Approach. Market risk measurements are performed monthly.
- b) The Bank does not use the Standard Approach.

V. Explanations Related to Currency Risk

Foreign currency risk indicates the probability of loss that banks are subject to due to the exchange rate changes in the market. While calculating the share capital requirement, all foreign currency assets, liabilities and forward transactions of the Bank are taken into consideration and value at risk is calculated by using the standard method.

The Board of Directors sets limits for the positions, which are followed up daily. Any possible value changes in the foreign currency transactions in the Bank's positions are also monitored.

As an element of the Bank's risk management strategies, foreign currency liabilities are hedged against exchange rate risk by derivative instruments.

The Treasury Department of the Bank is responsible for the management of Turkish Lira or foreign currency price, liquidity and affordability risks that could occur in the domestic and international markets within the limits set by the Board of Directors. The monitoring of risk and risk related transactions occurring in the money markets is performed daily and reported to the Bank's Asset-Liability Committee on a weekly basis.

As of 31 December 2011, the Bank's net long position is TL 516,020 (31 December 2010: TL 25,496 net long) resulting from short position on the balance sheet amounting to TL 1,756,227 (31 December 2010: TL 279,358 short) and long position on the off-balance sheet amounting to TL 2,272,247 (31 December 2010: TL 304,854 long).

The announced current foreign exchange buying rates of the Bank at 31 December 2011 and the previous five working days in full TL are as follows:

	26.12.2011	27.12.2011	28.12.2011	29.12.2011	30.12.2011	31.12.2011
USD	1.8833	1.8847	1.8897	1.9065	1.8889	1.8889
JPY	0.0241	0.0242	0.0243	0.0245	0.0243	0.0243
EURO	2.4613	2.4633	2.4702	2.4592	2.4438	2.4438

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V. Explanations Related to Currency Risk (continued)

The simple arithmetic averages of the major current foreign exchange buying rates of the Bank for the thirty days before 31 December 2011 are as follows:

	Monthly Average Foreign Exchange Rate
USD	1.8593
JPY	0.0238
EURO	2.4513

Information on the foreign currency risk of the Bank:

Current Period	EUR	USD	YEN	OTHER	TOTAL
Assets					
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	1,248,265	935,914	220	333,497	2,517,896
Banks	47,643	139,189	956	20,225	208,013
Financial Assets at Fair Value through Profit and Loss (****)	3,696	359,406	-	1,051	364,153
Money Market Placements	-	-	-	-	-
Available-For-Sale Financial Assets	224,153	306,203	-	3,659	534,015
Loans (**)	2,709,975	4,111,154	178,361	617,817	7,617,307
Subsidiaries, Associates and Entities Under Common Control (Joint Vent.)	61,254	-	-	-	61,254
Held-To-Maturity Investments	-	-	-	-	-
Derivative Financial Assets for Hedging Purposes	-	13	-	-	13
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets (***)	54,356	39,798	-	63	94,217
Total Assets	4,349,342	5,891,677	179,537	976,312	11,396,868
Liabilities					
Bank Deposits	78,151	117,282	89	28,757	224,279
Foreign Currency Deposits (*)	2,668,829	4,459,658	34,985	799,828	7,963,300
Money Market Borrowings	-	-	-	-	-
Funds Provided From Other Financial Institutions	2,333,369	2,494,828	956	67,588	4,896,741
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	10,244	49,152	-	649	60,045
Derivative Financial Liabilities for Hedging Purposes	-	-	-	-	-
Other Liabilities (***)	3,328	4,408	-	994	8,730
Total Liabilities	5,093,921	7,125,328	36,030	897,816	13,153,095
Net Balance Sheet Position	(744,579)	(1,233,651)	143,507	78,496	(1,756,227)
Net Off-Balance Sheet Position	1,196,042	1,290,723	(142,844)	(71,674)	2,272,247
Financial Derivative Assets (****)	4,010,402	6,242,562	327,501	537,051	11,117,516
Financial Derivative Liabilities (****)	2,814,360	4,951,839	470,345	608,725	8,845,269
Non-Cash Loans (*****)	1,933,689	2,537,660	5,786	141,932	4,619,067
Prior Period					
Total Assets	1,950,634	2,946,582	9,331	492,479	5,399,026
Total Liabilities	2,665,148	2,746,645	2,395	264,196	5,678,384
Net Balance Sheet Position	(714,514)	199,937	6,936	228,283	(279,358)
Net Off-Balance Sheet Position	862,991	(351,932)	(7,363)	(198,842)	304,854
Financial Derivative Assets (****)	1,706,252	1,827,544	37,037	269,470	3,840,303
Financial Derivative Liabilities (****)	843,261	2,179,476	44,400	468,312	3,535,449
Non-Cash Loans (*****)	660,214	1,375,754	1,937	45,377	2,083,282

(*) Precious metal accounts amounting to TL 660,316 (31 December 2010: TL 129,374) are included in the foreign currency deposits.

(**) Foreign currency indexed loans amounting to TL 2,278,177 (31 December 2010: TL 782,548) are included in the loan portfolio.

(***) TL 87,149 (31 December 2010: TL 30,813) expense accruals from derivative financial instruments are deducted from other liabilities. TL 5 prepaid expense was deducted from other assets as at 31 December 2010.

(****) Forward asset and marketable securities purchase-sale commitments of TL 383,108 (31 December 2010: TL 181,939) are added to derivative financial assets and TL 345,026 (31 December 2010: TL 181,837) has been added to derivative financial liabilities.

(*****) TL 47,873 (31 December 2010: TL 17,648) income accruals from derivative financial instruments is deducted from Financial Assets at Fair Value through Profit and Loss.

(*****) There are no effects on the net off-balance sheet position.

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V. Explanations Related to Currency Risk (continued)

Foreign currency sensitivity:

The Bank is mainly exposed to EUR and USD currency risks.

The following table details the Bank's sensitivity to a 10% change in the TL against USD and EUR. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. A positive number indicates an increase in profit or loss and other equity in the case of short position and a decrease in the case of long position where the TL strengthens against USD and EUR.

	Change in currency rate in %	Effect on profit or loss		Effect on equity (*)	
		31 December 2011	31 December 2010	31 December 2011	31 December 2010
		USD	10 increase	5,696	(15,200)
USD	10 decrease	(5,696)	15,200	(12)	(158)
EUR	10 increase	46,358	14,848	(1,212)	(188)
EUR	10 decrease	(46,358)	(14,848)	1,212	188

(*) The effect on equity does not include the effect of changes in foreign exchange rate on the income statement.

The Bank's sensitivity to foreign currency rates have not changed significantly during the current period. The positions taken in line with market expectations can increase the foreign currency sensitivity from period to period.

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VI. Explanations Related to Interest Rate Risk

Interest rate risk shows the probability of loss related to the changes in interest rates depending on the Bank's position, and it is managed by the Asset-Liability Committee. The interest rate sensitivity of assets, liabilities and off-balance sheet items related to this risk are measured by using the standard method and included in the market risk for capital adequacy.

The priority of the risk management department is to protect from interest rate volatility. Duration, maturity and sensitivity analysis performed within this context are calculated by the risk management department and reported to the Asset-Liability Committee.

Simulations on interest income are performed in connection with the forecasted economic indicators used in the budget of the Bank.

The Bank management monitors the market interest rates on a daily basis and revises the interest rates of the Bank when necessary.

Since the Bank does not allow maturity mismatches or imposes limits on mismatch, no significant interest rate risk exposure is expected.

Information related to the interest rate sensitivity of assets, liabilities and off-balance sheet items (based on reprising dates):

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Non-interest Bearing	Total
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-	-	4,018,255	4,018,255
Banks	180,866	2,105	4,185	-	-	153,899	341,055
Financial Assets at Fair Value Through Profit and Loss	203,409	101,024	284,269	252,740	118,678	306,415	1,266,535
Money Market Placements	510,329	-	-	-	-	-	510,329
Available-For-Sale Financial Assets	642,239	375,674	1,728,787	1,449,362	413,525	25,013	4,634,600
Loans and receivables(*)	9,006,430	1,843,861	3,976,469	8,161,012	2,400,559	264,094	25,652,425
Held-To-Maturity Investments	-	-	-	-	-	-	-
Other Assets	-	-	1,526	12,840	2,998	1,651,175	1,668,539
Total Assets	10,543,273	2,322,664	5,995,236	9,875,954	2,935,760	6,418,851	38,091,738
Liabilities							
Bank Deposits	730,478	-	4,136	-	-	192,895	927,509
Other Deposits	14,638,367	3,194,582	292,752	207	-	3,833,195	21,959,103
Money Market Borrowings	25,518	1,079,230	-	-	-	-	1,104,748
Sundry Creditors	180,613	-	-	-	-	651,655	832,268
Marketable Securities Issued	-	-	249,107	-	-	-	249,107
Funds Provided From Other Financial Institutions	1,900,948	2,065,749	2,833,075	307,383	184,390	-	7,291,545
Other Liabilities	39	5,936	9,929	42,064	9,227	5,660,263	5,727,458
Total Liabilities	17,475,963	6,345,497	3,388,999	349,654	193,617	10,338,008	38,091,738
Balance Sheet Long Position	-	-	2,606,237	9,526,300	2,742,143	-	14,874,680
Balance Sheet Short Position	(6,932,690)	(4,022,833)	-	-	-	(3,919,157)	(14,874,680)
Off-Balance Sheet Long Position	40,913	60,579	380,511	1,123,856	303,565	-	1,909,424
Off-Balance Sheet Short Position	(40,691)	(60,579)	(358,127)	(1,116,079)	(303,565)	-	(1,879,041)
Total Position	(6,932,468)	(4,022,833)	2,628,621	9,534,077	2,742,143	(3,919,157)	30,383

(*) Loans with floating interest rates amounting to TL 6,134,943 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TL 11,554 are included in "1-5 Years".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 254,333, intangible assets amounting to TL 438,346, assets held for resale amounting to TL 67,049, subsidiaries amounting to TL 167,861 and entities under common control (joint vent.) amounting to TL 5 while other liabilities line includes the shareholders' equity of TL 4,213,311.

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VI. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments:

	EURO %	USD %	YEN %	TL %			
Current Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	-			
Banks	-	-	-	10.38			
Financial Assets at Fair Value Through Profit and Loss	4.96	4.72	-	10.22			
Money Market Placements	-	-	-	11.77			
Available-For-Sale Financial Assets	5.37	3.34	-	9.48			
Loans	5.24	5.12	3.81	13.63			
Held-To-Maturity Investments	-	-	-	-			
Liabilities							
Bank Deposits	3.85	0.68	-	5.68			
Other Deposits	4.43	4.59	0.41	10.89			
Money Market Borrowings	-	-	-	6.91			
Sundry Creditors	-	-	-	-			
Marketable Securities Issued	-	-	-	8.73			
Funds Provided From Other Financial Institutions	3.45	2.13	2.95	8.79			
	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over Non-interest 5 Years	Bearing	Total
Prior Period							
Assets							
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey.	-	-	-	-	-	2,027,296	2,027,296
Banks	502,389	-	-	-	-	201,095	703,484
Financial Assets at Fair Value Through Profit and Loss	51,449	6,470	49,776	5,967	2,882	78,508	195,052
Money Market Placements	-	-	-	-	-	-	-
Available-For-Sale Financial Assets	278,742	70,438	997,533	1,694,487	353,005	17,880	3,412,085
Loans(*)	4,939,032	867,655	1,521,186	3,601,238	639,156	184,988	11,753,255
Held-To-Maturity Investments	106,040	66,789	44,775	-	-	-	217,604
Other Assets	-	187	2,267	1,091	9	718,775	722,329
Total Assets	5,877,652	1,011,539	2,615,537	5,302,783	995,052	3,228,542	19,031,105
Liabilities							
Bank Deposits	1,105,143	5,052	3,156	-	-	98,280	1,211,631
Other Deposits	7,197,706	1,128,507	122,969	31	-	2,338,306	10,787,519
Money Market Borrowings	74,357	-	-	-	-	-	74,357
Sundry Creditors	-	-	-	-	-	337,252	337,252
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Provided From Other Financial Institutions	784,000	1,149,864	1,745,006	24,673	373,117	-	4,076,660
Other Liabilities	39	416	22,000	40,032	28,102	2,453,097	2,543,686
Total Liabilities	9,161,245	2,283,839	1,893,131	64,736	401,219	5,226,935	19,031,105
Balance Sheet Long Position	-	-	722,406	5,238,047	593,833	-	6,554,286
Balance Sheet Short Position	(3,283,593)	(1,272,300)	-	-	-	(1,998,393)	(6,554,286)
Off-Balance Sheet Long Position	-	-	6,356	4,008	-	-	10,364
Off-Balance Sheet Short Position	-	-	-	-	(2,189)	-	(2,189)
Total Position	(3,283,593)	(1,272,300)	728,762	5,242,055	591,644	(1,998,393)	8,175

(*) Loans with floating interest rates amounting to TL 3,199,937 are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TL 33,648 are included in "1-5 Years".

The other assets line in the non-interest bearing column consists of tangible assets amounting to TL 109,506; intangible assets amounting to TL 10,156, assets held for resale amounting to TL 33,982, subsidiaries amounting to TL 119,690, entities under common control (joint vent.) amounting to TL 5 and the other liabilities line includes the shareholders' equity of TL 1,812,863.

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VI. Explanations Related to Interest Rate Risk (continued)

Average interest rates applied to monetary financial instruments

	EURO %	USD %	YEN %	TL %
Prior Period				
Assets				
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	-	-	-	3.75
Banks	0.19	0.16	-	6.96
Financial Assets at Fair Value Through Profit and Loss	3.18	4.78	-	9.02
Money Market Placements	-	1.05	-	6.41
Available-For-Sale Financial Assets	3.98	5.72	-	8.39
Loans	4.59	4.11	5.36	12.66
Held-To-Maturity Investments	-	-	-	12.58
Liabilities				
Bank Deposits	0.51	0.17	-	5.70
Other Deposits	1.99	2.34	0.10	7.18
Money Market Borrowings	-	-	-	6.73
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Provided From Other Financial Institutions	3.11	2.60	3.10	7.71

Interest rate sensitivity:

If interest rates had been changed by 0.5% in TL and FC and all other variables were held constant:

- Net profit of the Bank for the year would have changed by TL 25,200 (31 December 2010: TL 6,812).

The interest rate sensitivity the Bank is exposed to due to its balance sheet composition is calculated with the net interest income approach. The net interest income is calculated by using the original interest rates until maturity and using market interest curves until the remaining annualized period subject to analysis. This calculation is re-performed by altering the market interest curves based on rate changes accepted by management. The difference between the initial and re-performed calculation is assessed to be the interest sensitivity of the Bank.

VII. Explanations Related to Liquidity Risk

Liquidity risk occurs when there is insufficient cash or cash inflows to meet the cash outflows completely and timely.

Liquidity risk may also occur when the market penetration is not adequate, when the open positions cannot be closed quickly at suitable prices and sufficient amounts due to barriers and break-ups at the markets.

The Bank's policy is to establish an asset structure that can meet all kinds of liabilities by liquid sources at all times. In this context, liquidity problem has not been faced in any period. In order to maintain this, the Board of Directors of the Bank continuously determines standards for the liquidity ratios, and monitors them.

According to the general policies of the Bank, the matching of the maturity and interest rate structure of assets, and liabilities is always established within the asset liability management strategies. A positive difference is tried to be established between the yields of TL and foreign currency assets and liabilities on the balance sheet and their costs. According to this strategy, the Bank manages its maturity risk within the limits determined by Bank's Board of Directors.

When the funding and liquidity sources are considered, the Bank covers majority of its liquidity need from deposits, and in addition to this source, it makes use of pre-financing and syndication products to generate additional sources. Generally the Bank is in a lender position.

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VII. Explanations Related to Liquidity Risk (continued)

The liquidity position is assessed and managed under a variety of scenarios, giving due consideration to stress factors relating to both the market in general and specifically to the Bank. The most important of these is to maintain limits on the ratio of net liquid assets to customer liabilities, set to reflect market conditions. The ratios realized during the year were as follows:

	Current Period	Prior Period
	%	%
Average during the period	25	20
Highest	30	27
Lowest	20	16

Presentation of assets and liabilities according to their remaining maturities:

Current Period	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Undistributed (*)	Total
Assets								
Cash (Cash in Vault, Foreign Currency Cash, Money in Transit, Cheques Purchased) and Balances with the Central Bank of Turkey	2,429,724	1,588,531	-	-	-	-	-	4,018,255
Banks	153,899	180,866	2,105	4,185	-	-	-	341,055
Financial Assets at Fair Value Through Profit and Loss	-	245,355	166,794	452,654	269,703	132,029	-	1,266,535
Money Market Placements	-	510,329	-	-	-	-	-	510,329
Available-For-Sale Financial Assets	25,013	183,911	67,729	1,303,530	2,034,584	1,019,833	-	4,634,600
Loans(**)	-	8,888,504	1,365,180	3,981,612	8,644,327	2,564,021	208,781	25,652,425
Held-To-Maturity Investments	-	-	-	-	-	-	-	-
Other Assets	-	-	-	1,526	18,277	2,998	1,645,738	1,668,539
Total Assets	2,608,636	11,597,496	1,601,808	5,743,507	10,966,891	3,718,881	1,854,519	38,091,738
Liabilities								
Bank Deposits	192,895	730,478	-	4,136	-	-	-	927,509
Other Deposits	3,833,195	14,638,367	3,194,582	292,752	207	-	-	21,959,103
Funds Provided From Other Financial Institutions	-	1,508,334	1,595,317	2,388,594	976,785	822,515	-	7,291,545
Money Market Borrowings	-	1,104,748	-	-	-	-	-	1,104,748
Marketable Securities Issued	-	-	-	249,107	-	-	-	249,107
Sundry Creditors	-	832,268	-	-	-	-	-	832,268
Other Liabilities	-	805,111	49,587	143,783	52,513	9,227	4,667,237	5,727,458
Total Liabilities	4,026,090	19,619,306	4,839,486	3,078,372	1,029,505	831,742	4,667,237	38,091,738
Liquidity Gap	(1,417,454)	(8,021,810)	(3,237,678)	2,665,135	9,937,386	2,887,139	(2,812,718)	-
Prior Period								
Total Assets	1,183,985	7,133,370	694,823	2,210,195	5,833,178	1,543,049	432,505	19,031,105
Total Liabilities	2,436,586	9,603,741	2,277,991	1,952,932	178,885	577,070	2,003,900	19,031,105
Liquidity Gap	(1,252,601)	(2,470,371)	(1,583,168)	257,263	5,654,293	965,979	(1,571,395)	-

(*) The assets which are necessary to provide banking services and could not be liquidated in a short term, such as tangible assets, investments in subsidiaries and associates, office supply inventory, prepaid expenses and non-performing loans, are classified as under undistributed.

(**) Loans with floating interest rates amounting to TL 5,961,704 (31 December 2010: TL 3,146,930) are included in "Up to 1 Month" while mark to market differences from hedged loans amounting to TL 11,554 (31 December 2010: TL 33,648) are included in "1-5 Years".

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VII. Explanations Related to Liquidity Risk (continued)

Analysis of financial liabilities by remaining contractual maturities:

	Demand	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Adjustments	Total
As of 31 December 2011								
Money market borrowings	-	1,105,719	-	-	-	-	(971)	1,104,748
Other deposits	3,833,195	14,690,140	3,227,397	302,447	241	-	(94,317)	21,959,103
Bank deposits	192,895	730,729	-	4,310	-	-	(425)	927,509
Funds provided from other financial institutions	-	1,523,917	1,664,241	2,613,518	1,238,554	1,063,599	(812,284)	7,291,545
Total	4,026,090	18,050,505	4,891,638	2,920,275	1,238,795	1,063,599	(907,997)	31,282,905
As of 31 December 2010								
Money market borrowings	-	74,422	-	-	-	-	(65)	74,357
Other deposits	2,338,306	7,215,449	1,138,661	124,833	33	-	(29,763)	10,787,519
Bank deposits	98,280	1,105,629	5,098	3,271	-	-	(647)	1,211,631
Funds provided from other financial institutions	-	545,975	1,145,029	1,791,016	254,614	578,936	(238,910)	4,076,660
Total	2,436,586	8,941,475	2,288,788	1,919,120	254,647	578,936	(269,385)	16,150,167

Analysis of contractual expiry by maturity of the Bank's derivative financial instruments:

	Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	Total
As of 31 December 2011						
Derivative financial instruments for hedging purposes						
Fair value hedge	-	-	13,723	132,443	-	146,166
Cash flow hedge	6,261	11,362	69,042	160,037	5,562	252,264
Held for trading transactions						
Foreign exchange forward contracts-sell	1,090,500	491,680	553,167	181,084	-	2,316,431
Currency swaps-sell	2,214,797	785,566	1,618,312	196,565	-	4,815,240
Interest rate swaps-sell	97	8,364	15,805	22,986	-	47,252
Foreign currency futures-sell	-	-	-	-	-	-
Foreign currency options-sell	2,437,011	1,511,274	3,277,327	36,802	-	7,262,414
Total	5,748,666	2,808,246	5,547,376	729,917	5,562	14,839,767
As of 31 December 2010						
Derivative financial instruments for hedging purposes						
Fair value hedge	290	263	137,009	36,878	54,510	228,950
Cash flow hedge	-	-	-	-	-	-
Held for trading transactions						
Foreign exchange forward contracts-sell	358,010	264,598	293,792	7,571	-	923,971
Currency swaps-sell	381,910	60,625	670,796	357,236	-	1,470,567
Interest rate swaps-sell	63	9,828	8,651	43,172	5,055	66,769
Foreign currency futures-sell	-	25,076	227,192	-	-	252,268
Foreign currency options-sell	549,842	530,740	1,073,571	8,621	32,901	2,195,675
Total	1,290,115	891,130	2,411,011	453,478	92,466	5,138,200

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VIII. Explanations Related to Presentation of Financial Assets and Liabilities at Fair Value

The table below shows the book value and the fair value of the financial assets and liabilities which are not disclosed at their fair value in the financial statements of the Bank.

Current period investment securities are comprised of interest-bearing assets held-to-maturity and interest-bearing assets available-for-sale. The fair value of the held to maturity assets is determined by market prices or quoted market prices of other marketable securities which are subject to redemption with same characteristics in terms of interest, maturity and other similar conditions when market prices cannot be determined.

The book value of demand deposits, money market placements with floating interest rate and overnight deposits represents their fair values due to their short-term nature. The estimated fair value of deposits and funds provided from other financial institutions with fixed interest rate is calculated by determining their cash flows discounted by the current interest rates used for other liabilities with similar characteristics and maturity structure. The fair value of loans is calculated by determining the cash flows discounted by the current interest rates used for receivables with similar characteristics and maturity structure. The book value of the sundry creditors reflects their fair values since they are short-term.

	Book Value		Fair Value	
	Current Period	Prior Period	Current Period	Prior Period
Financial Assets	31,138,409	16,086,428	30,764,277	16,233,942
Money Market Placements	510,329	-	510,329	-
Banks	341,055	703,484	341,055	703,484
Available-For-Sale Financial Assets	4,634,600	3,412,085	4,634,600	3,412,085
Held-To-Maturity Investments	-	217,604	-	253,460
Loans	25,652,425	11,753,255	25,278,293	11,864,913
Financial Liabilities	32,364,280	16,487,419	32,207,107	16,477,669
Bank Deposits	927,509	1,211,631	927,448	1,210,800
Other Deposits	21,959,103	10,787,519	21,802,322	10,778,600
Funds Borrowed From Other Financial Institutions (*)	8,396,293	4,151,017	8,396,293	4,151,017
Marketable Securities Issued	249,107	-	248,776	-
Sundry Creditors	832,268	337,252	832,268	337,252

(*) Funds provided under repo transactions and interbank money market takings are included in funds borrowed from other financial institutions.

The fair values of financial assets and financial liabilities are determined as follows:

- Level 1: The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- Level 2: The fair value of other financial assets and financial liabilities are determined in accordance with inputs other than quoted prices included within Level 1, that are observable either directly or indirectly in the market.
- Level 3: The fair value of the financial assets and financial liabilities where there is no observable market data.

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VIII. Explanations Related to Presentation of Financial Assets and Liabilities by Fair Value
(continued)

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is recorded on quoted market prices, those involving valuation techniques where all model inputs are observable in the market and, those where the valuation techniques involves the use of non-observable inputs.

31 December 2011	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at fair value through profit and loss	747,119	519,416	-	1,266,535
<i>Public sector debt securities</i>	747,119	199,800	-	946,919
<i>Derivative financial assets held for trading</i>	-	319,616	-	319,616
Derivative financial assets for hedging purposes	-	22,800	-	22,800
Available-for-sale financial assets	3,615,731	1,008,370	-	4,624,101
<i>Public sector debt securities</i>	3,610,444	999,143	-	4,609,587
<i>Other available-for-sale financial assets(*)</i>	5,287	9,227	-	14,514
Financial Liabilities				
Derivative financial liabilities held for trading	-	249,957	-	249,957
Derivative financial liabilities for hedging purposes	-	50,447	-	50,447
31 December 2010				
	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets at fair value through profit and loss	96,061	98,991	-	195,052
<i>Public sector debt securities</i>	96,061	-	-	96,061
<i>Derivative financial assets held for trading</i>	-	98,991	-	98,991
Derivative financial assets for hedging purposes	-	11,157	-	11,157
Available-for-sale financial assets	3,397,417	12,594	-	3,410,011
<i>Public sector debt securities</i>	3,394,205	-	-	3,394,205
<i>Other available-for-sale financial assets(*)</i>	3,212	12,594	-	15,806
Financial Liabilities				
Derivative financial liabilities held for trading	6,168	89,311	-	95,479
Derivative financial liabilities for hedging purposes	-	56,547	-	56,547

(*) TL 10,499 (31 December 2010: TL 2,074) carried at cost is not included in the table.

There is no transition between Level 1 and Level 2 in the current year.

IX. Explanations Related to Transactions Carried out on Behalf of Other Parties and Fiduciary Assets

The Bank performs buying transactions on behalf of customers, and gives custody, administration and advisory services.

The Bank does not deal with fiduciary transactions.

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SECTION FIVE

**EXPLANATIONS AND DISCLOSURES ON
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. Explanations and Disclosures Related to the Assets

1. a) Information on Cash and Balances with the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Cash in TL/Foreign Currency	257,140	230,668	136,299	151,431
Balances with the Central Bank of Turkey	1,243,219	1,961,960	650,346	1,061,550
Other	-	325,268	-	27,670
Total	1,500,359	2,517,896	786,645	1,240,651

b) Information related to the account of the Central Bank of Turkey:

	Current Period		Prior Period	
	TL	FC	TL	FC
Unrestricted demand deposit	1,243,219	-	650,346	-
Unrestricted time deposit	-	373,429	-	651,635
Restricted time deposit	-	1,588,531	-	409,915
Total	1,243,219	1,961,960	650,346	1,061,550

TL 373,429 (31 December 2010: TL 651,635) foreign currency unrestricted deposit, TL 1,588,531 (31 December 2010: TL 409,915) foreign currency restricted deposit and TL 1,243,219 (31 December 2010: TL 650,287) TL unrestricted deposit balance comprises of reserve deposits. As of 31 December 2011, the Turkish lira required reserve ratios are determined to be within the range of 5%-11% depending on the maturity structure of deposits denominated in Turkish lira (31 December 2010: 6% for all Turkish lira liabilities), and the required reserve ratios for foreign currency deposits and other liabilities within the range of 6%-11% (31 December 2010: 11% for all foreign currency liabilities).

2. Information on financial assets at fair value through profit and loss (net):

a.1) Information on financial assets at fair value through profit and loss given as collateral or blocked:
TL 22,033 (31 December 2010: None).

a.2) Financial assets at fair value through profit and loss subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	276,889	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	276,889	-	-	-

Net book value of unrestricted financial assets at fair value through profit and loss is TL 647,997 (31 December 2010: TL 96,061).

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I. Explanations and Disclosures Related to the Assets (continued)

2. Information on financial assets at fair value through profit and loss (net): (continued)

a.3) Positive differences related to derivative financial assets held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	25,636	6,723	5,286	6,117
Swap Transactions	120,062	18,610	39,155	3,908
Futures Transactions	-	-	-	-
Options	118,360	28,302	36,318	8,207
Other	-	1,923	-	-
Total	264,058	55,558	80,759	18,232

3.a) Information on banks :

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
Domestic	80,024	88,888	397,828	79,000
Foreign	53,018	119,125	15,000	211,656
Branches and head office abroad	-	-	-	-
Total	133,042	208,013	412,828	290,656

b) Information on foreign bank accounts:

	Unrestricted Amount		Restricted Amount	
	Current Period	Prior Period	Current Period	Prior Period
European Union Countries	51,396	104,947	-	-
USA and Canada	45,619	50,289	-	-
OECD Countries (*)	2,524	5,449	-	-
Off-shore banking regions	71,591	65,694	-	-
Other	1,013	277	-	-
Total	172,143	226,656	-	-

(*) OECD countries other than European Union countries, USA and Canada.

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I. Explanations and Disclosures Related to the Assets (continued)

4. Information on financial assets available-for-sale:

a.1) Information on financial assets available-for-sale given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share certificates	-	-	-	-
Bond, Treasury bill and similar investment securities	581,461	162,371	243,848	125,062
Other	-	-	-	-
Total	581,461	162,371	243,848	125,062

a.2) Financial assets available-for-sale subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	826,098	-	-	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	826,098	-	-	-

Net book value of unrestricted financial assets available-for-sale is TL 3,064,670 (31 December 2010: TL 3,043,175).

b) Information on financial assets available for sale portfolio:

	Current Period	Prior Period
Debt securities	4,609,587	3,394,205
Quoted on a stock exchange	4,609,587	3,394,205
Not quoted	-	-
Share certificates	25,013	17,880
Quoted on a stock exchange	5,287	3,212
Not quoted (*)	19,726	14,668
Impairment provision (-)	-	-
Total	4,634,600	3,412,085

(*) After the sale of the Bank's 90.01% shares in TEB Finansal Kiralama A.Ş as at 30 September 2010; the remaining 9.99% shares are presented as available-for-sale financial assets and accounted for at fair value in accordance with TAS 39. The related amount is TL 12,594 and valuation difference amounting to TL 8,575 is accounted for under the "Marketable Securities Valuation Differences" account. With the sale of the Bank's shares as at 29 September 2011, the related amount became TL 9,227 and valuation difference decreased to TL 5,730 as of 31 December 2011.

All unquoted available for sale equities are recorded at fair value except for the Bank's investment of TL 10,499 which is recorded at cost since its fair value cannot be reliably estimated (31 December 2010: TL 2,074).

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans:

a) Information on all types of loans and advances given to shareholders and employees of the Bank:

	Current Period		Prior Period	
	Cash Loans	Non-Cash Loans	Cash Loans	Non-Cash Loans
Direct loans granted to shareholders	74,499	128,471	24,509	40,782
Corporate shareholders	74,132	128,467	24,102	40,773
Real person shareholders	367	4	407	9
Indirect loans granted to shareholders	-	-	-	-
Loans granted to employees	43,989	-	22,893	-
Total	118,488	128,471	47,402	40,782

b) Information on the first and second group loans and other receivables including restructured or rescheduled loans:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring (*)	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Non-specialized loans	24,325,305	908	1,012,359	105,072
Discount notes	498,904	-	28,750	-
Export loans	2,182,167	-	19,382	-
Import loans	-	-	-	-
Loans given to financial sector	531,467	-	-	-
Foreign loans	176,091	-	1,500	-
Consumer loans(**)	5,977,723	713	469,999	26,613
Credit cards	1,293,030	-	77,900	2,741
Precious metal loans	365,810	-	21,426	-
Other	13,300,113	195	393,402	75,718
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	24,325,305	908	1,012,359	105,072

(*) The total principal amount of the loans under close monitoring in accordance with the requirements of the regulation on "Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves" amended on 6 February 2008.

(**) TL 11,554 of income accrual resulting from the fair value difference of the hedged item loans is included in the loan balance.

c) Loans and other receivables according to their maturity structure:

Cash Loans	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and Other Receivables	Restructured or Rescheduled	Loans and Other Receivables	Restructured or Rescheduled
Short-term loans and other receivables	12,297,529	-	360,710	18,564
Non-specialized loans	12,297,529	-	360,710	18,564
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Medium and long-term loans and other receivables	12,027,776	908	651,649	86,508
Non-specialized loans	12,027,776	908	651,649	86,508
Specialized loans	-	-	-	-
Other receivables	-	-	-	-
Total	24,325,305	908	1,012,359	105,072

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

- d) Information on consumer loans, individual credit cards, personnel loans and credit cards given to personnel:

	Short Term	Medium and Long Term	Total
Consumer Loans-TL	119,102	6,006,041	6,125,143
Housing Loans	2,668	3,393,413	3,396,081
Vehicle Loans	12,062	583,339	595,401
General Purpose Loans	104,372	2,029,289	2,133,661
Other	-	-	-
Consumer Loans -Indexed to FC	-	175,056	175,056
Housing Loans	-	160,747	160,747
Vehicle Loans	-	3,269	3,269
General Purpose Loans	-	11,040	11,040
Other	-	-	-
Consumer Loans-FC (**)	49	17,674	17,723
Housing Loans	-	5,122	5,122
Vehicle Loans	-	8,910	8,910
General Purpose Loans	49	3,642	3,691
Other	-	-	-
Individual Credit Cards-TL	1,142,496	-	1,142,496
With Installments	511,240	-	511,240
Without Installments	631,256	-	631,256
Individual Credit Cards-FC	5,129	-	5,129
With Installments	-	-	-
Without Installments	5,129	-	5,129
Personnel Loans-TL	3,944	20,722	24,666
Housing Loans	-	69	69
Vehicle Loans	-	48	48
General Purpose Loans	3,944	20,605	24,549
Other	-	-	-
Personnel Loans- Indexed to FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	-	-	-
Other	-	-	-
Personnel Credit Cards-TL	17,162	-	17,162
With Installments	8,674	-	8,674
Without Installments	8,488	-	8,488
Personnel Credit Cards-FC	143	-	143
With Installments	-	-	-
Without Installments	143	-	143
Overdraft Accounts-TL(Real Persons) (*)	131,805	-	131,805
Overdraft Accounts-FC(Real Persons)	655	-	655
Total	1,420,485	6,219,493	7,639,978

(*) Overdraft Accounts include personnel loans amounting to TL 2,018.

(**) Loans granted via branches abroad.

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5. Information on loans: (continued)

e) Information on commercial loans with installments and corporate credit cards:

	Short Term	Medium and Long Term	Total
Commercial loans with installment facility-TL	298,611	3,072,311	3,370,922
Business Loans	450	135,754	136,204
Vehicle Loans	21,595	818,654	840,249
General Purpose Loans	276,566	2,117,903	2,394,469
Other	-	-	-
Commercial loans with installment facility - Indexed to FC	24,350	439,843	464,193
Business Loans	-	15,138	15,138
Vehicle Loans	2,964	168,621	171,585
General Purpose Loans	21,386	256,084	277,470
Other	-	-	-
Commercial loans with installment facility –FC	25,401	-	25,401
Business Loans	-	-	-
Vehicle Loans	-	-	-
General Purpose Loans	25,401	-	25,401
Other	-	-	-
Corporate Credit Cards-TL	207,745	-	207,745
With Installments	73,631	-	73,631
Without Installments	134,114	-	134,114
Corporate Credit Cards-FC	996	-	996
With Installments	-	-	-
Without Installments	996	-	996
Overdraft Accounts-TL(Legal Entities)	321,467	-	321,467
Overdraft Accounts-FC(Legal Entities)	7,522	-	7,522
Total	886,092	3,512,154	4,398,246

f) Loans according to borrowers:

	Current Period	Prior Period
Public	50,666	34,738
Private	25,392,978	11,595,695
Total	25,443,644	11,630,433

g) Domestic and foreign loans:

	Current Period	Prior Period
Domestic loans	25,212,413	11,454,413
Foreign loans	231,231	176,020
Total	25,443,644	11,630,433

h) Loans granted to subsidiaries and associates:

	Current Period	Prior Period
Direct loans granted to subsidiaries and associates	337	275
Indirect loans granted to subsidiaries and associates	-	-
Total	337	275

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5. Information on loans: (continued)

i) Specific provisions provided against loans:

	Current Period	Prior Period
Specific provisions		
Loans and receivables with limited collectability	9,910	4,833
Loans and receivables with doubtful collectability	24,806	21,608
Uncollectible loans and receivables	482,802	210,812
Total	517,518	237,253

j) Information on non-performing loans: (Net):

j.1) Information on loans and other receivables included in non-performing loans which are restructured or rescheduled:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
(Gross amount before specific provisions)			
Non-performing loans and receivables which are restructured	-	-	-
Non-performing loans and receivables which are rescheduled	7,599	4,022	10,943

j.2) The movement of non-performing loans:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Prior period end balance	34,203	59,874	265,998
Additions (+) (*)	265,470	44,780	338,376
Transfers from other categories of non-performing loans (+)	10	189,740	180,132
Transfers to other categories of non-performing loans (-)	191,484	178,398	-
Collections (-)	44,081	46,575	135,189
Write-offs (-) (**)	12	76	56,469
Corporate and commercial loans	-	75	54,491
Retail loans	12	1	101
Credit cards	-	-	1,877
Other	-	-	-
Current period end balance	64,106	69,345	592,848
Specific provision (-)	9,910	24,806	482,802
Net Balances on Balance Sheet	54,196	44,539	110,046

(*) Increase due to the merger is TL 388,400.

(**) TL 55,484 of the non-performing loans portfolio of the Bank with TL 54,078 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 4,250. This balance has been collected as of 12 January 2011 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

j.3) Information on foreign currency non-performing loans and other receivables: None.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

j.4) Information regarding gross and net amounts of non-performing loans with respect to user groups:

	III. Group	IV. Group	V. Group
	Loans and receivables with limited collectability	Loans and receivables with doubtful collectability	Uncollectible loans and receivables
Current Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	64,106	69,345	587,879
Specific Provision (-)	9,910	24,806	482,802
Loans to Real Persons and Legal Entities (Net)	54,196	44,539	105,077
Banks (Gross)	-	-	4,969
Specific Provision (-)	-	-	-
Banks (Net)	-	-	4,969
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-
Prior Period (Net)			
Loans to Real Persons and Legal Entities (Gross)	34,203	59,874	265,998
Specific Provision (-)	4,833	21,608	210,812
Loans to Real Persons and Legal Entities (Net)	29,370	38,266	55,186
Banks (Gross)	-	-	-
Specific Provision (-)	-	-	-
Banks (Net)	-	-	-
Other Loans and Receivables (Gross)	-	-	-
Specific Provision (-)	-	-	-
Other Loans and Receivables (Net)	-	-	-

k) Main principles of liquidating non-performing loans and receivables:

According to the “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves” published on Official Gazette No. 26333 dated 1 November 2006; loans and other receivables for which the collection is believed to be impossible are classified as nonperforming loans by complying with the requirements of the Tax Procedural Law in accordance with the decision of the upper management of the Bank.

l) Explanations on write-off policy:

Unrecoverable non-performing loans can be written off with the decision of the Board of Directors.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

m) Other explanations and disclosures:

Current Period	Commercial	Consumer	Credit Cards	Total
Neither past due nor impaired	16,968,403	5,998,435	1,212,389	24,179,227
Past due not impaired	626,522	476,613	161,282	1,264,417
Individually impaired	434,626	115,757	175,916	726,299
Total gross	18,029,551	6,590,805	1,549,587	26,169,943
Less: allowance for individually impaired loans	272,744	86,849	157,925	517,518
Total allowance for impairment	272,744	86,849	157,925	517,518
Total net	17,756,807	6,503,956	1,391,662	25,652,425
Prior Period	Commercial	Consumer	Credit Cards	Total
Neither past due nor impaired	8,100,720	2,491,312	504,616	11,096,648
Past due not impaired	385,634	82,858	65,293	533,785
Individually impaired	284,242	21,706	54,127	360,075
Total gross	8,770,596	2,595,876	624,036	11,990,508
Less: allowance for individually impaired loans	179,867	12,721	44,665	237,253
Total allowance for impairment	179,867	12,721	44,665	237,253
Total net	8,590,729	2,583,155	579,371	11,753,255

Based on classification, movement of allowance for loan losses and other receivables is presented as follows:

	Commercial	Consumer	Credit Cards	Total
1 January 2011	179,867	12,721	44,665	237,253
Charge for the period (*)	193,559	77,102	131,620	402,281
Recoveries	(48,275)	(2,974)	(16,689)	(67,938)
Amounts written off (**)	(52,407)	-	(1,671)	(54,078)
31 December 2011	272,744	86,849	157,925	517,518
	Commercial	Consumer	Credit Cards	Total
1 January 2010	151,236	33,985	54,618	239,839
Charge for the period	137,042	(4,282)	36,831	169,591
Recoveries	(36,468)	(6,708)	(14,672)	(57,848)
Amounts written off (***)	(71,943)	(10,274)	(32,112)	(114,329)
31 December 2010	179,867	12,721	44,665	237,253

(*) Includes the provision amount of TL 285,101 transferred from Fortis Bank A.Ş.

(**) TL 55,484 of the non-performing loans portfolio of the Bank with TL 54,078 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 4,250 which has been collected as of 12 January 2011 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

(***) TL 39,957 of the non-performing loans portfolio of the Bank with TL 39,321 provision has been sold to Standart Varlık A.Ş. for TL 4,125 which has been collected as of 31 March 2010 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

TL 75,008 of the non-performing loans portfolio of the Bank with TL 75,008 provision has been sold to LBT Varlık Yönetim A.Ş. for TL 6,500 which has been collected as of 28 June 2010 with the completion of the necessary procedures, and the related non-performing loans have been written off from the records.

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I. Explanations and Disclosures Related to the Assets (continued)

5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

The fair value of collaterals, capped with the respective outstanding loan balance, that the Bank holds relating to loans individually determined to be impaired at 31 December 2011 is TL 202,442 (31 December 2010: TL 113,515).

The fair value of collaterals, capped with the respective outstanding loan balance relating to loans individually determined to be impaired:

	Current Period	Prior Period
Mortgage	161,744	91,408
Vehicle	25,151	15,820
Cash	5,270	7
Other	10,277	6,280
Total	202,442	113,515

As of 31 December 2011 and 31 December 2010, detail of commodities and properties held for sale related to loan receivables of the Bank is as follows:

31 December 2011	Commercial	Consumer	Total
Residential, commercial or industrial property	57,498	8,685	66,183
Financial assets	-	-	-
Other	866	-	866
Total	58,364	8,685	67,049

31 December 2010	Commercial	Consumer	Total
Residential, commercial or industrial property	30,550	2,988	33,538
Financial assets	-	-	-
Other	444	-	444
Total	30,994	2,988	33,982

Aging analysis of past due but not impaired loans per classes of financial statements is as follows:

31 December 2011	Less than 30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	443,549	111,018	71,955	626,522
Consumer Loans	293,542	136,847	46,224	476,613
Credit Cards	150,805	1,973	8,504	161,282
Total	887,896	249,838	126,683	1,264,417

31 December 2010	Less than 30 Days	31-60 Days	61-90 Days	Total
Loans and Receivables				
Commercial Loans	280,829	64,185	40,620	385,634
Consumer Loans	35,662	36,151	11,045	82,858
Credit Cards	59,836	412	5,045	65,293
Total	376,327	100,748	56,710	533,785

Of the total aggregate amount of gross past due but not yet impaired loans and advances to customers, the fair value of collaterals, capped with the respective outstanding total loan balance of the customer, that the Bank held as at 31 December 2011 is TL 908,408 (31 December 2010: TL 201,268).

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5. Information on loans: (continued)

m) Other explanations and disclosures: (continued)

The fair value of collaterals, capped with the respective outstanding loan balance relating to those that are past due but not impaired:

	Current Period	Prior Period
Mortgage	653,862	159,122
Vehicle	118,348	24,017
Cash	23,094	2,134
Other	113,104	15,995
Total	908,408	201,268

Explanations on the loans and other receivables of the Bank for which the payment schedules are revised as per the agreement:

Based on the Article 4 of the Communiqué “Methods and Principles for the Determination of Loans and Other Receivables to be Reserved for and Allocation of Reserves”, the number of loans, total amount and extension periods for which the payment schedules are revised after 28 May 2011 are as follows:

(i) Loans for which the payment schedules are revised for once

		Extension Period					Total
		Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	
Loans	Number	229	938	3,217	8,888	86	13,358
	Amount	6,274	13,350	43,250	119,424	5,347	187,645

(ii) Loans for which the payment schedules are revised for twice:

		Extension Period					Total
		Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	
Loans	Number	1	117	19	10	2	149
	Amount	1	2,523	189	1,178	155	4,046

(iii) Loans for which the payment schedules are revised more than twice:

		Extension Period					Total
		Up to 1 Month	1-3 Months	3-12 Months	1-5 Years	Over 5 Years	
Loans	Number	-	1	1	1	1	4
	Amount	-	3	62	55	74	194

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I. Explanations and Disclosures Related to the Assets (continued)

6. Information on held-to-maturity investments:

Following the merger with Fortis Bank A.Ş., the Bank revised its risk management policies. As a result held to maturity investments amounting to TL 261,199 are classified as financial assets available for sale in accordance with TAS 39.

a.1) Information on held to maturity debt securities:

	Current Period	Prior Period
Government bonds	-	217,604
Treasury bills	-	-
Other public sector debt securities	-	-
Total	-	217,604

a.2) Information on held to maturity investments:

	Current Period	Prior Period
Debt securities		
Quoted on a stock exchange	-	217,604
Unquoted	-	-
Impairment provision(-)	-	-
Total	-	217,604

a.3) Information on held-to-maturity investments given as collateral or blocked:

	Current Period		Prior Period	
	TL	FC	TL	FC
Share Certificates	-	-	-	-
Bond, Treasury bill and similar securities	-	-	68,245	-
Other	-	-	-	-
Total	-	-	68,245	-

a.4) Held-to-maturity investments subject to repurchase agreements:

	Current Period		Prior Period	
	TL	FC	TL	FC
Government bonds	-	-	70,042	-
Treasury bills	-	-	-	-
Other public sector debt securities	-	-	-	-
Bank bonds and bank guaranteed bonds	-	-	-	-
Asset backed securities	-	-	-	-
Other	-	-	-	-
Total	-	-	70,042	-

There is no unrestricted financial assets held-to maturity (31 December 2010: TL 79,317).

b) Movement of public sector debt investments held-to-maturity:

	Current Period	Prior Period
Beginning balance	217,604	880,803
Foreign currency differences on monetary assets	-	-
Purchases during the year(*)	149,187	9,403
Disposals through sales and redemptions	(366,791)	(672,602)
Impairment provision (-)	-	-
Change in income on redeemed cost adjustments	-	-
Closing Balance	-	217,604

(*) Accruals are included in purchases during the year.

(**) Includes assets amounting to TL 138,203 transferred from Fortis Bank A.Ş.

(***) Classified in portfolio of securities available for sale as mentioned above.

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7. Information on associates (Net):

- a.1) Information on the unconsolidated associates: None (31 December 2010: None).
b.1 and 2) Information on the consolidated associates: None (31 December 2010: None).
b.3) Valuation of consolidated associates: None (31 December 2010: None).
b.4) Consolidated associates which are quoted on the stock exchange: None (31 December 2010: None).

8. Information on subsidiaries (Net):

- a) Information on the unconsolidated subsidiaries: None (31 December 2010: None).
b) Information on the consolidated subsidiaries:
b.1) Information on the consolidated subsidiaries:

Description	Address (City/ Country)	Bank's share percentage- If different voting percentage(%)	Other shareholders' share percentage (%)
The Economy Bank N.V.	Netherlands	100.00	-
TEB Faktoring A.Ş.	İstanbul/Turkey	100.00	-
TEB Yatırım Menkul Değerler A.Ş. (*)	İstanbul/Turkey	96.62	3.38
TEB Portföy Yönetimi A.Ş. (**)	İstanbul/Turkey	25.60	29.14

Information on the consolidated subsidiaries with the order as presented in the table above:

	Total Assets	Shareholders' Equity	Total Fixed Assets	Interest Income	Income from Marketable Securities Portfolio	Current Period Profit / Loss	Prior Period Profit / Loss (***)	Fair Value
(i)	1,611,290	246,507	9,499	72,428	3,600	19,701	15,771	-
(ii)	868,679	38,462	1,815	68,744	-	10,247	8,355	-
(ii)	84,305	78,190	1,940	9,017	122	6,054	9,603	-
(ii)	31,200	28,765	841	1,527	319	3,218	4,309	-

- (*) As explained in the Material Event Disclosure on 24 March 2011, the followings are concluded in regards to the transfer of Fortis Yatırım Menkul Değerler A.Ş. ("Fortis Yatırım") in which TEB has 99.998% participation, with all of its assets and liabilities without any dissolution to TEB Yatırım Menkul Değerler A.Ş. ("TEB Yatırım") in which TEB has a direct share of 92.481%:

The transfer of Fortis Yatırım to TEB Yatırım and the related transfer agreement are approved in the Extraordinary General Meeting of TEB Yatırım and Fortis Yatırım held on 21 June 2011.

In relation to the transfer, Article 6 "Capital and Share Types" set out in the articles of association of TEB Yatırım is decided to be amended upon the approval of the CMB no: B.02.1.SPK.0.16-205.01.02/714-6076 issued on 14 June 2011 and the permit no: B.14.0.İTG.0.10.00.01/351-02-56082-72593-3267 given by the Domestic Trade Administration of the Ministry of Trade and Industry of Turkish Republic on 14 June 2011, and the capital of TEB Yatırım is decided to be increased from TL 12,950 to TL 28,794 in relation to the transfer transaction accordingly to the extent that shareholders of Fortis Yatırım are granted with shares that represent the increased capital.

The transfer was finalized on 24 June 2011 upon the registry of the resolutions issued in the TEB Yatırım and Fortis Yatırım's Extraordinary General Meeting held on 21 June 2011 to the İstanbul Trade Registry.

Following the transfer, TEB's direct participation in TEB Yatırım has increased to 96.617%.

- (**) As explained in the Material Event Disclosure dated 13 September 2011, the followings are concluded in regards to the transfer of Fortis Portföy Yönetimi A.Ş. ("Fortis Portföy") with all of its assets and liabilities without any dissolution to TEB Portföy Yönetimi A.Ş. ("TEB Portföy") in which the Bank has a direct and indirect share of 100%;

The transfer of Fortis Portföy to TEB Portföy and the related transfer agreement approved by the Capital Markets Board are approved in the Extraordinary General Meeting of TEB Portföy and Fortis Portföy held on 16 December 2011.

In relation to the transfer, Article 9 "Share Capital" and Article 14 "Board of Directors" set out in the articles of association of TEB Portföy are decided to be amended upon the approval of the CMB no: B.02.1.SPK.0.15.335.06-1088-11331 issued on 12 December 2011 and the permit no: B.21.0.İTG.0.03.01.00/351.02-57834-264712-2918/2466 given by the Domestic Trade Administration of the Ministry of Trade and Industry of Turkish Republic on 13 December 2011, and the capital of TEB Portföy is decided to be increased from TL 2,410 to TL 4,402 in relation to the transfer transaction accordingly to the extent that shareholders of Fortis Portföy are granted with shares that represent the increased capital at the Extraordinary General Assembly Meeting of TEB Portföy.

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8. Information on subsidiaries (Net): (continued)

The transfer was finalized on 22 December 2011 upon the registry of the resolutions issued in the TEB Portföy and Fortis Portföy's Extraordinary General Meetings held on 16 December 2011 to the İstanbul Trade Registry.

Following the transfer, TEB's direct participation in TEB Portföy has decreased to 25.604%.

(***) Represents the amounts in the financial statements as of 31 December 2010.

(i) Represents financial figures of foreign currency statutory financial statements translated at period end foreign exchange rates for balance sheet and nine months' average rates for profit and loss as of 31 December 2011. The Economy Bank NV has two consolidated subsidiaries named Stichting Effecten Dienstverlening and Kronenburg Vastgoed B.V.

(ii) Represents financial figures based on BRSA as of 31 December 2011.

b.2) Information on consolidated subsidiaries:

	Current Period	Prior Period
Balance at the beginning of the period	119,690	153,921
Movements during the period	48,171	(34,231)
Purchases (*),(**),(***)	48,171	5,959
Bonus shares obtained	-	-
Share in current year income	-	-
Sales (****)	-	(40,190)
Revaluation increase	-	-
Provision for impairment	-	-
Balance at the end of the period	167,861	119,690
Capital commitments	-	-
Share percentage at the end of the period (%)	-	-

(*) The Bank has transferred 17.54% of the shares of TEB Finansal Kiralama A.Ş. in TEB Yatırım Menkul Değerler A.Ş. amounting to TL 2,271 in exchange for TL 5,959 and payment for the related transfer was made after the completion of required procedures as at 29 September 2010.

(**) Fortis Yatırım Menkul Değerler A.Ş., the subsidiary of Fortis Bank A.Ş. transferred with the merger is included in the purchases as the net of the transfer amount of TL 44,745 and the reversal of the revaluation increase of TL 6,574.

(***) The share capital increase of TEB Faktoring A.Ş. in the amount of TL 10,000 is presented in the "purchases" line with the completion of the required procedures as at 29 July 2011.

(****) The Bank sold 90.01% shares of its subsidiary TEB Finansal Kiralama A.Ş. to Fortis Finansal Kiralama A.Ş. in consideration of TL 113,345. The sale amount was received after the completion of the necessary procedures as of 30 September 2010. The profit amounting to TL 77,173 resulting from this sale is presented under the "Income on Discontinued Operations" in the current year income statement. The remaining 9.99% shares are classified as "Financial Assets Available for Sale".

b.3) Sectoral information on the consolidated subsidiaries and the related carrying amounts:

	Current Period	Prior Period
Banks/The Economy Bank N.V.	61,254	61,254
Factoring Companies/TEB Faktoring A.Ş.	34,037	24,037
Other Financial Subsidiaries/TEB Yatırım Men.Değ. A.Ş. (*)	70,512	32,341
TEB Portföy Yönetimi A.Ş.	2,058	2,058
Total	167,861	119,690

(*) As explained in the Material Event Disclosure on 24 March 2011, the followings are concluded in regards to the transfer of Fortis Yatırım Menkul Değerler A.Ş. ("Fortis Yatırım") in which TEB has 99.998% participation, with all of its assets and liabilities without any dissolution to TEB Yatırım Menkul Değerler A.Ş. ("TEB Yatırım") in which TEB has a direct share of 92.481%.

b.4) Consolidated subsidiaries quoted on the stock exchange: None (31 December 2010: None).

9. Information on entities under common control (joint ventures):

Description	Address (City/ Country)	Bank's share percentage-If different voting percentage(%)	Other shareholders' share percentage (%)
Bantaş Nakit ve Kıymetli Mal Taşıma ve Güvenlik Hizmetleri A.Ş.	İstanbul/Türkiye	0.1	33.3

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10. Information on finance lease receivables (Net): None (31 December 2010: None).

11. Information on derivative financial assets for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	9,524	13	11,114	43
Cash flow hedge	13,263	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	22,787	13	11,114	43

12. Information on tangible assets :

	Opening Balance 31 December 2010		Additions	Disposals	Other(*)	Ending Balance
						31 December 2011
Cost:						
Land and buildings	9,637	5,000	(450)	106,862	121,049	
Leased tangible assets	48,616	-	(1,165)	8,770	56,221	
Other	270,256	62,941	(77,430)	411,233	667,000	
Total Cost	328,509	67,941	(79,045)	526,865	844,270	
	Opening Balance 31 December 2010		Period Charge	Disposals	Other(*)	Ending Balance
						31 December 2011
Accumulated Depreciation:						
Land and buildings	(3,737)	(1,792)	243	(26,717)	(32,003)	
Leased tangible assets	(43,292)	(4,493)	1,164	(7,731)	(54,352)	
Other	(171,974)	(75,028)	76,347	(332,927)	(503,582)	
Total Accumulated Depreciation	(219,003)	(81,313)	77,754	(367,375)	(589,937)	
Net Book Value	109,506				254,333	

(*) Tangible assets transferred from Fortis Bank A.Ş. are presented in "Other" column.

- a) The impairment provision set or cancelled in the current period according to the asset groups not individually significant but materially affecting the overall financial statements, and the reason and conditions for this: None.
- b) Pledges, mortgages and other restrictions on the tangible fixed assets, expenses arising from the construction for tangible fixed assets, commitments given for the purchases of tangible fixed assets: None.

13. Information on intangible assets:

	Opening Balance 31 December 2010		Additions	Disposals	Other(*)	Ending Balance
						31 December 2011
Cost:						
Other intangible assets	42,083	9,480	-	51,103	102,666	
Total Cost	42,083	9,480	-	51,103	102,666	
	Opening Balance 31 December 2010		Period Charge	Disposals	Other(*)	Ending Balance
						31 December 2011
Accumulated Amortization:						
Other intangible assets	(31,927)	(10,559)	-	(42,958)	(85,444)	
Total Accumulated Amortization	(31,927)	(10,559)	-	(42,958)	(85,444)	
Net Book Value	10,156		(1,079)	-	(8,145)	17,222

(*) Intangible assets transferred from Fortis Bank A.Ş. are presented in "Other" column.

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I. Explanations and Disclosures Related to the Assets (continued)

13. Information on intangible assets: (continued)

- a) Disclosures for book value, description and remaining useful life for a specific intangible fixed asset that is material to the financial statements: None.
- b) Disclosure for intangible fixed assets acquired through government grants and accounted for at fair value at initial recognition: None.
- c) The method of subsequent measurement for intangible fixed assets that are acquired through government incentives and recorded at fair value at the initial recognition : None.
- d) The book value of intangible fixed assets that are pledged or restricted for use: None.
- e) Amount of purchase commitments for intangible fixed assets: None.
- f) Information on revalued intangible assets according to their types: None.
- g) Amount of total research and development expenses recorded in income statement within the period if any: None.
- h) Positive or negative consolidation goodwill on entity basis: Not applicable for the unconsolidated financial statements.
- i) Information on Goodwill:

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two banks by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry. Registered shares to be issued were distributed to the shareholders of Fortis Bank A.Ş., which was dissolved due to the merger, in exchange of their current shares. Fortis Bank A.Ş. shareholders received 1.0518 registered Türk Ekonomi Bankası A.Ş. shares for each Fortis Bank A.Ş. share having a nominal value of TL 1. The related transaction has been accounted for in accordance with the requirements of TFRS 3 “Business Combination”, since the merging banks were not under common control of the same parties before and after the merger. In this merger transaction, Fortis Bank A.Ş. was determined as the acquiree, and with the merger, the fair value of the equity shares exchanged as of 14 February 2011 was considered as the fair value of consideration transferred, and the difference between this value and the fair value of identifiable net asset value of Fortis Bank A.Ş. is accounted as goodwill.

Main principles related with the merger transaction are summarized as follows:

- All prior period financial statements of the Bank as of 31 December 2010 remained same with the publicly announced figures, and effect of the merger was not reflected to the prior period financials.
- Identifiable assets and liabilities of Fortis Bank A.Ş. were measured at fair value as of 14 February 2011. The difference between the fair value of the identifiable net assets and the fair value of equity shares exchanged is accounted as goodwill.
- Fair value of the equity shares exchanged as of the merger date is based on an independent appraisal report in which “discounted dividend” method was used.
- The difference resulting from the transactions described above is accounted under “Other Capital Reserves”.
- The net profit and net interest income of the acquiree Fortis Bank A.Ş. was realized as TL 64 and TL 90,147, respectively, for the period 1 January 2011- 14 February 2011 before the merger. The stated amounts were accounted under retained earnings in the accompanying financial statements. If the merger had been completed as of 1 January 2011, the net profit and net interest income of the merged Bank would have been realized as TL 206,739 and TL 1,465,149 respectively.

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13. Information on intangible assets: (continued)

Information related to the calculation of the goodwill related to the merger is as follows:

	14 February 2011
Fair value of equity shares exchanged	2,385,482
Fair value of the identifiable net assets of Fortis Bank A.Ş.	1,964,358
Goodwill	421,124

Fair value of the identifiable net assets of Fortis Bank A.Ş. as of 14 February 2011 is considered as follows:

	14 February 2011
	Fair Value (*)
Cash and balances with Central Bank and money market placements	2,133,269
Marketable securities	1,438,043
Loans and receivables	8,062,707
Tangible and intangible assets	170,696
Deferred tax asset	56,650
Other receivables and other assets	325,384
Deposits	(6,195,402)
Funds borrowed and money market balances	(2,990,035)
Other liabilities	(1,036,954)
Net assets acquired	1,964,358

(*) Fair value differences arise mainly from loans and receivables, marketable securities, fixed assets and funds borrowed.

j) Movements on goodwill in the current period:

	Current Period	Prior Period
Beginning balance	-	-
Foreign exchange differences	-	-
Additions	421,124	-
Ending balance	421,124	-

14. Information on investment property: None (31 December 2010: None).

15. Explanations on deferred tax asset:

- As of 31 December 2011, deferred tax asset computed on the temporary differences and reflected to the balance sheet is TL 66,748 (31 December 2010: TL 13,093). There are no tax exemptions or deductions over which deferred tax asset is computed.
- Temporary differences over which deferred tax asset is not computed and recorded in the balance sheet in prior periods: None.
- Allowance for deferred tax and deferred tax assets from reversal of allowance: None.
- Movement of deferred tax:

	Current Period	Prior Period
At January 1,	13,093	7,869
Other(*)	56,694	144
Deferred tax (charge)/benefit	(48,791)	21,004
Deferred tax accounted for under equity	45,752	(15,924)
Deferred Tax Asset	66,748	13,093

(*) Deferred tax asset transferred from Fortis Bank A.Ş. is presented in "Other" column.

16. Information on assets held for sale and discontinued operations: None (31 December 2010: None).

17. Information on other assets:

Other Assets item of the balance sheet amounting to TL 717,885 (31 December 2010: TL 458,722) does not exceed 10% of the total amount of balance sheet except for off-balance sheet commitments.

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SECTION FIVE

II. Explanations and Disclosures Related to the Liabilities

1. a) Information on maturity structure of deposits:

a.1) Current period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	677,566	-	604,592	5,631,960	169,620	63,647	46,739	4,172	7,198,296
Foreign currency deposits	1,235,245	-	1,918,095	3,976,757	90,209	71,772	10,360	546	7,302,984
Residents in Turkey	1,159,672	-	1,835,883	3,864,739	80,750	47,641	2,626	546	6,991,857
Residents abroad	75,573	-	82,212	112,018	9,459	24,131	7,734	-	311,127
Public sector deposits	58,356	-	13,547	545,826	113	-	97	-	617,939
Commercial deposits	1,400,902	-	1,318,090	2,214,703	84,385	45,656	112	31	5,063,879
Other institutions deposits	22,167	-	91,553	954,176	1,719	45,545	529	-	1,115,689
Precious metals deposits	438,959	-	90,677	97,962	22,062	10,656	-	-	660,316
Interbank deposits	192,895	-	723,075	7,403	-	2,068	2,068	-	927,509
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	12	-	196,111	-	-	-	2,068	-	198,191
Foreign Banks	43,974	-	526,964	7,403	-	2,068	-	-	580,409
Special finance houses	148,909	-	-	-	-	-	-	-	148,909
Other	-	-	-	-	-	-	-	-	-
Total	4,026,090	-	4,759,629	13,428,787	368,108	239,344	59,905	4,749	22,886,612

a.2) Prior period:

	Demand	7 Day Call Accounts	Up to 1 Month	1-3 Months	3-6 Months	6 Month- 1 Year	1 Year and Over	Accumulated Deposits	Total
Saving deposits	345,594	-	700,447	2,274,948	243,706	80,810	372	6,381	3,652,258
Foreign currency deposits	831,419	-	1,364,222	1,158,564	17,907	22,452	3,134	1,256	3,398,954
Residents in Turkey	773,216	-	1,300,345	1,130,108	17,294	19,105	715	1,256	3,242,039
Residents abroad	58,203	-	63,877	28,456	613	3,347	2,419	-	156,915
Public sector deposits	121,698	-	1,208	3,315	43	-	-	-	126,264
Commercial deposits	917,353	-	1,086,547	1,230,715	34,832	45,413	-	30	3,314,890
Other institutions deposits	13,730	-	8,707	140,554	2,670	116	2	-	165,779
Precious metals deposits	108,512	-	14,962	4,384	1,160	356	-	-	129,374
Interbank deposits	98,280	-	1,084,434	22,725	3,036	-	3,156	-	1,211,631
Central Bank of Turkey	-	-	-	-	-	-	-	-	-
Domestic Banks	-	-	28,022	-	-	-	-	-	28,022
Foreign Banks	18,307	-	1,056,412	22,725	3,036	-	3,156	-	1,103,636
Special finance houses	79,973	-	-	-	-	-	-	-	79,973
Other	-	-	-	-	-	-	-	-	-
Total	2,436,586	-	4,260,527	4,835,205	303,354	149,147	6,664	7,667	11,999,150

b) Information on saving deposits under the guarantee of saving deposit insurance:

b.1) Saving deposits exceeding the limit of insurance:

i) Information on saving deposits under the guarantee of saving deposit insurance and exceeding the limit of saving deposit insurance:

Saving Deposits	Under the Guarantee of Insurance(*)		Exceeding the limit of Insurance(*)	
	Current Period	Prior Period	Current Period	Prior Period
Saving deposits	2,651,608	1,451,750	4,438,751	2,119,857
Foreign currency saving deposits	610,562	348,999	2,442,750	1,233,522
Other deposits in the form of saving deposits	243,165	12,876	356,186	113,771
Foreign branches' deposits under foreign authorities' insurance	-	-	-	-
Off-shore banking regions' deposits under foreign authorities' insurance	-	-	-	-
Total	3,505,335	1,813,625	7,237,687	3,467,150

(*) According to the BRSA's circular no 1584 dated on 23 February 2005, accruals are included in the saving deposit amounts.

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b.2) Information on the saving deposits of the bank with head office abroad, if the saving deposits in the branches of the bank located in Turkey are under the guarantee of saving deposit insurance in that country abroad: None.

b.3) Saving deposits not guaranteed by insurance:

i) Deposits of real persons not under the guarantee of saving deposit insurance:

	Current Period	Prior Period
Deposits and accounts in branches abroad	130,879	74,905
Deposits of ultimate shareholders and their close families	163,139	251,356
Deposits of chairman and members of the Board of Directors and their close families	15,913	10,805
Deposits obtained through illegal acts defined in the 282 nd Article of the 5237 numbered Turkish Criminal Code dated 26 September 2004.	-	-
Saving deposits in banks established in Turkey exclusively for off shore banking activities	-	-

2. Information on derivative financial liabilities:

a) Negative differences table related to derivative financial liabilities held-for-trading:

	Current Period		Prior Period	
	TL	FC	TL	FC
Forward Transactions	10,756	13,860	4,156	8,708
Swap Transactions	84,742	50,581	37,448	7,963
Futures Transactions	-	-	-	6,168
Options	62,210	27,808	22,829	8,207
Other	-	-	-	-
Total	157,708	92,249	64,433	31,046

3. a) Information on banks and other financial institutions:

	Current Period		Prior Period	
	TL	FC	TL	FC
Loans from Central Bank of Turkey	-	-	-	-
From Domestic Banks and Institutions	95,380	147,259	31,102	80,358
From Foreign Banks, Institutions and Funds	2,299,424	4,037,136	1,980,136	1,512,522
Total	2,394,804	4,184,395	2,011,238	1,592,880

As of 31 December 2011, the Bank has borrowings from its related parties amounting to TL 5,027,873 (31 December 2010: TL 2,634,729).

b) Maturity analysis of borrowings:

	Current Period		Prior Period	
	TL	FC	TL	FC
Short-term	1,824,078	2,360,602	1,560,219	1,316,722
Medium and long-term	570,726	1,823,793	451,019	276,158
Total	2,394,804	4,184,395	2,011,238	1,592,880

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- c) Additional explanation related to the concentrations of the Bank's major liabilities:

Bank diversifies its funding resources by the customer deposits and by the foreign borrowings. As of 31 December 2011, the Bank has a syndication loan of EUR 192,000,000 and USD 115,000,000, obtained on 25 August 2011 with a maturity of 23 August 2012, under foreign borrowings.

Bank makes analysis of its customers that provide the maximum amount of funds within the branches and throughout the Bank, in consideration of profitability. Bank takes short and long term preventive measures to spread its customers on a wider spectrum on the basis of customer concentration in the branches.

Information on funds provided from repurchase agreement transactions:

	Current Period		Prior Period	
	TL	FC	TL	FC
From domestic transactions	1,104,748	-	74,357	-
Financial institutions and organizations	1,102,228	-	73,565	-
Other institutions and organizations	-	-	-	-
Real persons	2,520	-	792	-
From foreign transactions	-	-	-	-
Financial institutions and organizations	-	-	-	-
Other institutions and organizations	-	-	-	-
Real persons	-	-	-	-
Total	1,104,748	-	74,357	-

Information on debt securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Bank bonds	249,107	-	-	-
Treasury bills	-	-	-	-
Total	249,107	-	-	-

Upon the resolution of the Governing Committee of the Stock Market issued on 22 June 2011, the bonds issued by TEB with a nominal value of TL 300,000 and a maturity of 178 days (starting from 19 July 2011 and ending on 13 January 2012 with 8.72877% of simple interest; and 8.92408% of annual compound interest) are traded on the Bonds and Bills Market under the ISIN"TRQTEBK11215" code starting from 21 July 2011 as required in the Listing Requirements of ISE.

4. **Other liabilities which exceed 10% of the balance sheet total (excluding off-balance sheet commitments) and the breakdown of these which constitute at least 20% of grand total:** None (31 December 2010: None).
5. **Explanations on financial lease obligations (Net):**

- a) The general explanations on criteria used in determining installments of financial lease agreements, renewal and purchasing options and restrictions in the agreements that create significant obligations to the bank:

In the financial lease agreements, installments are based on useful life, usage periods and principles of the Tax Procedural Law.

- b) The explanation on modifications in agreements and new obligations resulting from such modifications: None.

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II. Explanations and Disclosures Related to the Liabilities (continued)

5. Explanations on financial lease obligations (Net): (continued)

- c) Explanation on finance lease payables:

	Current Period		Prior Period	
	Gross	Net	Gross	Net
Less than 1 Year	1	-	17	13
Between 1-4 Years	-	-	-	-
More than 4 Years	-	-	-	-
Total	1	-	17	13

- d) Explanations regarding operational leases:

For the period ended 31 December 2011, operational lease expenses amounting to TL 137,760 (31 December 2010: TL 74,975) have been recorded in the profit and loss accounts. The lease periods vary between 1 and 10 years and lease agreements are cancelable subject to a certain period of notice.

- e) Explanations on the lessor and lessee in sale and lease back transactions, agreement conditions, and major agreement terms: None.

6. Information on derivative financial liabilities for hedging purposes:

	Current Period		Prior Period	
	TL	FC	TL	FC
Fair value hedge	23,398	-	56,547	-
Cash flow hedge	27,049	-	-	-
Hedge of net investment in foreign operations	-	-	-	-
Total	50,447	-	56,547	-

7. Information on provisions:

- a) Information on general provisions:

	Current Period	Prior Period
General Provisions		
Provisions for First Group Loans and Receivables	223,558	85,445
Provisions for Second Group Loans and Receivables	22,287	9,785
Provisions for Non-Cash Loans	18,269	11,564
Other	-	-
Total	264,114	106,794

- b) Foreign exchange losses on the foreign currency indexed loans and finance lease receivables: The foreign exchange losses on the foreign currency indexed loans amounting to TL 42,495 (31 December 2010: TL 24,097) is offset from the loans on the balance sheet.

- c) The specific provisions provided for unindemnified non cash loans amount to TL 32,652 (31 December 2010: TL 18,722).

- d) Information on employee termination benefits, premium and unused vacation accrual:

The Bank has calculated reserve for employee termination benefits by using actuarial valuations as set out in the TAS No:19 and reflected this in the financial statements. The actuarial assumptions used for the calculation of the reserve for employee termination benefits are; discount rate of 9.55% (31 December 2010: 10%) and inflation rate of 5.13% (31 December 2010: 5.1%).

As of 31 December 2011, the Bank accrued TL 26,745 (31 December 2010: TL 10,375) for the unused vacations and TL 34,245 (31 December 2010: TL 22,520) for premiums to be paid to the Bank's personnel. Those amounts are classified under "Reserve for Employee Benefits" in the financial statements.

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II. Explanations and Disclosures Related to the Liabilities (continued)

7. Information on provisions (continued)

d.1) Movement of employee termination benefits

	Current Period	Prior Period
As of January 1	24,178	17,556
Increase due to merger	23,653	-
Service cost	6,871	3,232
Interest cost	4,327	1,875
Settlement cost	-	905
Actuarial gain / (loss)	14,794	2,895
Benefits paid	(15,866)	(2,285)
Total	57,957	24,178

(i) Retirement Benefits:

The employees who joined the Bank as a consequence of the merger of TEB and Fortis Bank in 2011 became members of both the “Türk Dış Ticaret Bankası Personnel Pension Fund Foundation” established in accordance with the Social Security Law No.506, Article No.20 and the Security Fund.

The liabilities described in the Retirement Fund Section 3 No. XV “Explanations on Liabilities related to Rights of Employees” which may arise during the transfer have been calculated by the actuary based on the principles of the New Law, whereas the liabilities in connection with other social rights and benefits which will not be undertaken by the SSI after the transfer have been calculated by the actuary based on IAS 19 principles.

In this context, regarding the Retirement Fund, the Bank’s liability regarding the benefits to be transferred to SSI as of the balance sheet date is the approximate payment amount required at the transfer. The actual parameters and outcomes used to measure this amount reflect the New Code’s legal decisions (9.80% real discount rate) regarding the retirement and health benefits to be transferred to SSI.

The technical financial statements of the Pension Fund are prepared by an independent actuary company and the Fund is not required to provide any provisions for any technical or actual deficit in the financial statements based on the actuarial report prepared on 31 December 2011. Since the Bank has no legal rights to carry the economic benefits arising from repayments of Pension Funds and/or decreases in future contributions at present value; no asset has been recognized in the balance sheet.

Furthermore, the Bank management anticipates that the amount of possible obligation arising during the transfer based on the aforementioned fact and after can be compensated with the assets of the Retirement Fund and does not bear any additional burden for the Bank.

Based on the determined assumptions,

- The retirement and health liabilities that are to be transferred to SSI including the total service liabilities, general administration expenses are calculated as TL 323,488 and the future contributions present value is calculated as TL 384,546. As of 31 December 2011, when future contribution payments and the total service liabilities are taken into consideration an excess of TL 61,058 is observed.

Transferrable Retirement and Health Liabilities:	31 December 2011
Net Present Value of Transferrable Retirement Liabilities	(320,285)
Net Present Value of Transferrable Retirement and Health Contributing	384,546
General Administration Expenses	(3,203)
Present Value of Transferrable Retirement and Health Liabilities	61,058

- In accordance with the Social Securities and General Health Security Law, additional aid to be provided by the Pension Plan or the Bank after the transfer that is accrued in the context of method and assumptions of IAS 19 is calculated as past service liabilities with the amount of TL 186,875.

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II. Explanations and Disclosures Related to the Liabilities (continued)

7. Information on provisions (continued)

(i) Retirement Benefits: (continued)

- Based on data provided by the Fund, total amount of the Fund assets is TL 1,067,778.

Distribution of total assets of the Retirement Fund as of 31 December 2011 is presented below:

	31 December 2011
Bank placements	938,662
Government Bonds and Treasury Bill, Fund and Accrual Interest Income	58,835
Tangible assets	65,458
Other	4,823
Total	1,067,778

Actuarial assumptions used in valuation of liabilities except for transferrable liabilities based on IAS 19 are as follows:

	31 December 2011
Expected Inflation Rate	8.75%
Discount Rate	11.55%
Increase in expected benefit	8.75%

In the valuation as of 31 December 2011, it is assumed that inflation rate of 8.75% in 2012 gradually diminishes to 4.5% within 30 years and after that stays constant; in the same way, discount rate is 11.55% in 2012 while 9.2% is used at the end of the following 30 years and remains constant in the subsequent years whereas medical inflation is more than 40%. In order to represent the expected mortality rates before and after the retirement, CSO 1980 Female/Male mortality table is used.

The actuarial valuation of the second fund, namely "Security Fund", whose members joined to the Bank as a consequence of the merger and which is not within the scope of transfer to SSI pursuant to the Provisional Article 20 of the Social Securities and General Health Security Law numbered 5510 has been performed by an independent advisory firm in accordance with the methods and estimations determined in IAS 19 "Employee Benefits". As of 31 December 2011, the surplus of the Security Fund amounts to TL 60,783.

Security Fund:	31 December 2011
Present Value of obligations	(266,727)
Fair Value of plan assets	327,510
Total	60,783

Movements in the present value of the defined benefit obligations of the Security Fund and reconciliation of opening and closing balances is as follows: in the current period were as follows:

	31 December 2011
Liabilities transferred due to merger	224,319
Service Cost	7,357
Interest Cost	20,074
Employee Contribution	4,923
Benefits paid by the Fund	(12,891)
Past Service Cost	6,820
Actuarial Loss / (Gain)	16,125
Closing Balance	266,727

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II. Explanations and Disclosures Related to the Liabilities (continued)

7. Information on provisions (continued)

(i) Retirement Benefits: (continued)

Reconciliation of opening and closing balance of fair value of Security Fund assets is as below:

	31 December 2011
Assets transferred due to merger	305,940
Expected return on assets	26,567
Company contributions	5,786
Employee contributions	4,923
Benefits paid	(12,891)
Actuarial Gain / (Loss)	(2,815)
Closing Balance	327,510

Asset distribution of the Retirement Fund is presented on the table below:

	31 December 2011
Bank placements	258,000
Government bonds	47,700
Tangible and intangible assets	18,300
Other	3,510
Total	327,510

The actual assumptions used are the best approximate estimate regarding the cost of the benefits to be provided by the Bank and are as follows;

	31 December 2011
Discount rate	9.15%
Expected Inflation	5.00%
Rate of Return on plan assets	9.15%
Increase in Social Security Ceiling	5.00%
Medical Inflation	7.00%

e) Information on other provisions:

e.1) Provisions for possible losses: None (31 December 2010: None).

e.2) The breakdown of the subsidiary accounts if other provisions exceed 10% of the grand total of provisions:

	Current Period	Prior Period
Provision for legal cases (*)	43,577	-
Provision for unindemnified non-cash loans	32,652	18,722
Provision for promotions of credit cards and banking services	11,926	4,990
Other	14,292	3,230
Total	102,447	26,942

(*) Includes TL 43,577 litigation provision transferred from Fortis Bank A.Ş.

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II. Explanations and Disclosures Related to the Liabilities (continued)

8. Explanations on taxes payable:

a) Information on current tax liability:

a.1) Corporate taxes:

	Current Period	Prior Period
Provision for corporate taxes	25,021	50,085

a.2) Information on taxes payable:

	Current Period	Prior Period
Taxation on Securities	20,826	6,461
Property Tax	1,658	1,044
Banking Insurance Transaction Tax (BITT)	23,071	10,922
Foreign Exchange Transaction Tax	14	9
Value Added Tax Payable	1,575	1,509
Other (*)	14,096	6,532
Total	61,240	26,477

(*) Others include income taxes deducted from wages amounting to TL 12,185 (31 December 2010: TL 6,362) and stamp taxes payable amounting to TL 994 (31 December 2010: TL 732) while prepaid income tax amounting to TL 562 is deducted from other.

b) Information on premiums:

	Current Period	Prior Period
Social Security Premiums-Employee	6,057	2,537
Social Security Premiums-Employer	6,861	2,700
Bank Social Aid Pension Fund Premium-Employee	-	-
Bank Social Aid Pension Fund Premium-Employer	-	-
Pension Fund Membership Fees and Provisions-Employee	-	-
Pension Fund Membership Fees and Provisions-Employer	-	-
Unemployment Insurance-Employee	652	177
Unemployment Insurance-Employer	853	356
Other	-	-
Total	14,423	5,770

c) Explanations on deferred tax liabilities, if any: None (31 December 2010: None).

9. Information on liabilities regarding assets held for sale and discontinued operations: None (31 December 2010: None).

10. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any:

The Bank has signed another agreement with the IFC on 27 June 2005, for a subordinated loan. The facility is a USD 50 million subordinated loan, with a maturity of 15 July 2015 and with an interest rate of LIBOR+3.18%.

The Bank has obtained a primary subordinated loan by issuing a bond amounting to USD 100 million as of 31 July 2007. The investor of the bond is IFC. The maturity of the borrowing is indefinite with semi-annually interest payment. The interest rate is defined as LIBOR+3.5% until 31 July 2017. In case the borrowed amount is not repaid at that date, the interest rate will be revised as LIBOR + 5.25%. Notes are issued as perpetual.

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10. Explanations on the number of subordinated loans the Bank used, maturity, interest rate, institution that the loan was borrowed from, and conversion option, if any: (continued)

The Bank has obtained secondary subordinated loans by issuing a bond amounting to EUR 75 million as of 4 November 2011 and a bond amounting to EUR 100 million as of 21 December 2011. The bond issue on 21 December 2011 amounting to EUR 100 million is added up with the first issue of EUR 75 million and together will be followed as EUR 175 million. Since the coupon rate of the issue amounting to EUR 100 million is semi-annual Euribor + 5.25% and two issues stated above will be merged and the merged issue will carry the coupon rate of the first issue (Euribor + 4.75% on an annual basis), the price of EUR 100 million issue has been determined as 96.026% (the price determined as the 12 month interest difference between two issues discounted by new issues semi-annual coupon rate of Euribor + 5.25%). As interest payment periods of the new issue will be same with the first one, 47-day interest accrual amounting to EUR 852,537.78 related to the period between 4 November 2011 and 21 December 2011 was paid to the Bank by the investor purchasing the second issue. On 21 December 2011, total net amount of EUR 96,878,527.78 is transferred to the bank accounts.

Each of the three of the above facilities match BRSA's subordinated loan-capital definitions and contribute to the Bank's capital adequacy ratio in a positive manner, as well as creating long term financing.

a) Information on subordinated loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Domestic Banks	-	-	-	-
From Other Domestic Institutions	-	-	-	-
From Foreign Banks	-	-	-	-
From Other Foreign Institutions	-	712,346	-	472,542
Total	-	712,346	-	472,542

11. Information on Shareholders' Equity:

a) Presentation of Paid-in Capital:

	Current Period	Prior Period
Common stock	2,204,390	1,100,000
Preferred stock	-	-

b) Paid-in capital amount, explanation as to whether the registered share capital system is applicable at bank if so amount of registered share capital ceiling:

Capital System	Paid-in capital	Ceiling
Registered Capital System	2,204,390	-

c) Information on share capital increases and their sources; other information on increased capital shares in current period:

Following announcement of the Banking Regulation and Supervision Agency approval dated 10 February 2011 at the Official Gazette dated 12 February 2011 and numbered 27844, merger of two bank by means of transfer of all rights, receivables, liabilities and obligations to the Bank by dissolution of Fortis Bank A.Ş. has been effectuated with the relevant registration dated 14 February 2011 to İstanbul Trade Registry. Due to the merger, ceiling for the registered capital of the Bank is increased from TL 1,400,000, to TL 2,204,390, and the issued capital of the Bank is increased by TL 1,104,390, from TL 1,100,000 to TL 2,204,390.

Date of Increase	Amount of Increase	Transfer from			
		Cash	Fortis Bank A.Ş.	Profit Reserves	Capital Reserves
14 February 2011	1,104,390	-	1,050,000	54,390	-

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11. Information on Shareholders' Equity: (continued)

- d) Information on share capital increases from revaluation funds: None.
- e) Capital commitments in the last fiscal year and at the end of the following interim period, the general purpose of these commitments and projected resources required to meet these commitments: None.
- f) Indicators of the Bank's income, profitability and liquidity for the previous periods and possible effects of these future assumptions on the Bank's equity due to the uncertainty of these indicators:

Prior year income, profitability and liquidity of the Bank is closely monitored and reported to Board of Directors, Asset and Liability Committee, and Risk Management by the Budget and Financial Control Group. This group tries to forecast the effects of interest, currency and maturity fluctuations that change these indicators with static and dynamic scenario analysis. Net asset value, which is defined as the difference of fair values of assets and liabilities, is measured. Expectations are made for Bank's future interest income via simulations of net interest income and scenario analysis.

- g) Information on preferred shares:

7% of the Bank's remaining net income after tax subsequent to deducting legal reserves and first dividends, corresponding to the Bank's 0,06 shares of TL 30 (in full TL) is distributed to the founder shares.

- h) Information on marketable securities valuation differences:

	Current Period		Prior Period	
	TL	FC	TL	FC
From Associates, Subsidiaries, and Entities Under Common Control (Joint Vent.)	-	-	-	-
Valuation Difference	(87,265)	(12,005)	91,976	(301)
Foreign Exchange Difference	-	-	-	-
Total	(87,265)	(12,005)	91,976	(301)

	Current Period	Prior Period
Foreign currency marketable securities valuation differences	(12,005)	(301)
Foreign exchange gains resulting from foreign currency associates, subsidiaries, and securities held to maturity related to the above amount	-	-
Total	(12,005)	(301)

Information on legal reserves:

	Current Period	Prior Period
First legal reserves	101,547	39,932
Second legal reserves	9,786	5,536
Other legal reserves appropriated in accordance with special legislation	-	-
Total	111,333	45,468

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II. Explanations and Disclosures Related to the Liabilities (continued)

11. Information on Shareholders' Equity: (continued)

Other Information on Shareholders' Equity:

Information on extraordinary reserves:

	Current Period	Prior Period
Reserves appropriated by the General Assembly	937,628	228,530
Retained earnings	-	-
Accumulated losses	-	-
Foreign currency share capital exchange difference	-	-
Total	937,628	228,530

The movement of the marketable securities valuation differences is as follows:

	Current Period	Prior Period
At 1 January	91,675	21,548
Net unrealized gains on available for sale investments	(170,810)	115,285
Realized gains on available for sale investments recycled to income statement on disposal	-	-
Realized losses on available for sale investments recycled to income statement on disposal and impairment	(65,707)	(29,234)
Tax effect of net gains on available for sale investments	45,572	(15,924)
Unrealized gains / (losses) on cash flow hedges	-	-
Gains / (losses) on cash flow hedges recycled to income statement	-	-
Tax effect of gains on cash flow hedges	-	-
At period end	(99,270)	91,675

The detail of the cash flow hedge fund accounted for under equity is as follows:

	Current Period	Prior Period
As of 1 January	-	-
Gains / (losses) on cash flow hedges	5,631	-
Tax effect of gains on cash flow hedges	(1,126)	-
At period end	4,505	-

12. Information on minority shares: None (31 December 2010: None).

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SECTION FIVE

III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments

1. Information on off-balance sheet liabilities:

a) Nature and amount of irrevocable loan commitments: Credit card expenditure limit commitments are TL 2,661,586 and TL 1,152,230; payment commitments for checks are TL 1,455,318 and TL 707,681 as of 31 December 2011 and 31 December 2010, respectively.

b) Possible losses and commitments related to off-balance sheet items:

The Bank, within the context of banking activities, undertakes certain commitments, consisting of loan commitments, letters of guarantee, acceptance credits and letters of credit.

b.1) Non-cash loans including guarantees, acceptances, financial guarantee and other letters of credits:

	Current Period	Prior Period
Letters of Credit	1,319,224	676,829
Bank Acceptances	342,297	55,532
Other Commitments	756,605	279,034
Other Contingencies	85,162	35,496
Total	2,503,288	1,046,891

b.2) Guarantees, surety ships, and similar transactions:

	Current Period	Prior Period
Guarantee Letters	3,995,191	2,158,257
Advance Guarantee Letters	608,580	285,114
Temporary Guarantee Letters	492,886	223,055
Guarantee Letters Given for Customs	249,834	211,909
Other Guarantee Letters	213,003	143,157
Total	5,559,494	3,021,492

c) c.1) Total amount of non-cash loans:

	Current Period	Prior Period
Non-cash loans given against achieving cash loans	517,531	195,074
With maturity of 1 year or less than 1 year	116,345	29,421
With maturity of more than 1 year	401,186	165,653
Other non-cash loans	7,545,251	3,873,309
Total	8,062,782	4,068,383

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

1. Information on off-balance sheet liabilities: (continued)

c.2) Information on sectoral risk breakdown of non-cash loans:

	Current Period				Prior Period			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	56,900	1.65	75,514	1.63	30,319	1.53	14,411	0.69
Farming and raising livestock	43,627	1.26	74,530	1.61	23,255	1.17	2,699	0.13
Forestry	12,644	0.37	644	0.01	6,826	0.35	11,661	0.56
Fishery	629	0.02	340	0.01	238	0.01	51	-
Manufacturing	1,619,045	47.01	2,776,865	60.12	1,060,727	53.43	1,143,247	54.88
Mining	101,475	2.95	74,724	1.62	58,762	2.96	37,749	1.81
Production	1,463,029	42.48	2,608,420	56.47	984,013	49.57	1,101,093	52.86
Electric, gas and water	54,541	1.58	93,721	2.03	17,952	0.90	4,405	0.21
Construction	848,015	24.63	549,706	11.90	374,732	18.88	305,485	14.66
Services	837,762	24.33	421,183	9.12	487,512	24.56	317,107	15.22
Wholesale and retail trade	378,271	10.99	56,324	1.22	178,561	9.00	44,360	2.13
Hotel, food and beverage services	34,211	0.99	18,006	0.39	13,373	0.67	6,499	0.31
Transportation and telecommunication	181,676	5.28	174,204	3.77	133,277	6.71	207,215	9.95
Financial institutions	49,960	1.45	59,635	1.29	40,641	2.05	31,024	1.49
Real estate and renting services	73,056	2.12	48,736	1.06	35,180	1.77	13,336	0.64
Self-employment services	59,110	1.72	35,935	0.78	53,117	2.68	4,031	0.19
Education services	2,134	0.06	873	0.02	461	0.02	891	0.04
Health and social services	59,344	1.72	27,470	0.59	32,902	1.66	9,751	0.47
Other	81,993	2.38	795,799	17.23	31,811	1.60	303,032	14.55
Total	3,443,715	100.00	4,619,067	100.00	1,985,101	100.00	2,083,282	100.00

c.3) Information on I st and II nd Group non-cash loans:

Non-cash loans	I st Group		II nd Group	
	TL	FC	TL	FC
Letters of guarantee	2,952,201	2,546,315	42,277	18,701
Bank acceptances	-	342,297	-	-
Letters of credit	-	1,318,464	-	760
Endorsements	-	-	-	-
Underwriting commitments	-	-	-	-
Factoring commitments	-	-	-	-
Other commitments and contingencies	445,418	390,828	3,819	1,702
Total	3,397,619	4,597,904	46,096	21,163

The Bank provided a reserve of TL 32,652 (31 December 2010: TL 18,722) for non-cash loans not indemnified yet amounting to TL 44,019 (31 December 2010: TL 25,204).

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

2. Information related to derivative financial instruments:

	Derivative transactions according to purposes			
	Trading		Hedging	
	Current Period	Prior Period	Current Period	Prior Period
Types of trading transactions				
Foreign currency related derivative transactions (I):	28,866,929	10,045,989	-	-
Forward transactions	4,619,076	2,030,469	-	-
Swap transactions	9,637,740	3,081,598	-	-
Futures transactions	-	498,894	-	-
Option transactions	14,610,113	4,435,028	-	-
Interest related derivative transactions (II):	1,562,582	678,409	-	-
Forward rate transactions	-	-	-	-
Interest rate swap transactions	1,163,468	413,864	-	-
Interest option transactions	399,114	264,545	-	-
Futures interest transactions	-	-	-	-
Marketable securities call-put options (III)	-	17,678	-	-
Other trading derivative transactions (IV)	-	-	-	-
A.Total trading derivative transactions (I+II+III+IV)	30,429,511	10,742,076		
Types of hedging transactions				
Fair value hedges	-	-	161,558	491,053
Cash flow hedges	-	-	1,918,710	-
Net investment hedges	-	-	-	-
B.Total hedging related derivatives			2,080,268	491,053
Total Derivative Transactions (A+B)	30,429,511	10,742,076	2,080,268	491,053

Related to agreements of forward transactions and options; the information based on the type of forward and options transactions are disclosed separately, specified with related amounts, type of agreement, purpose of transaction, nature of risk, strategy of risk management, hedging relationship, possible effects on the Bank's financial position, timing of cash flows, reasons of unrealized transactions which previously projected to be realized, income and expenses that could not be linked to income statement in the current period because of the agreements:

Forward foreign exchange and swap transactions are based on protection from interest and currency fluctuations. According to TAS, they do not qualify as hedging instruments and are remeasured at fair value.

i) Derivative instruments for fair value hedging purposes:

As of 1 July 2008, the Bank has started to apply fair value hedge accounting in order to avoid the effects of interest rate fluctuations in the market by matching its swap portfolio with its loan portfolio. As of 31 December 2011, nominal value of derivative instruments for hedging purposes is TL 161,558 (31 December 2010: TL 491,053) and net fair value is TL 13,861 liability (31 December 2010: TL 45,390 liability) while fair value of the hedged item loans is TL 11,554. The Bank accounts TL 18,797 income for derivative instruments for hedging purposes and TL 22,094 expense from hedged item loans in the financial statements. There is no fair value hedge ceased in 2011.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Interest Rate Swaps	60,000	1,526	4,281	200,000	3,510	17,547
Cross Currency Swaps	101,558	8,011	19,117	291,053	7,647	39,000
	161,558	9,537	23,398	491,053	11,157	56,547

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III. Explanations and Disclosures Related to the Off-Balance Sheet Contingencies and Commitments (continued)

2. Information related to derivative financial instruments: (continued)

ii) Derivative instruments for cash flow hedge purposes:

The Bank has adopted cash flow hedge accounting by matching its swap portfolio having total buy-sell nominal amounting to TL 847,130 as of August 2011, TL 571,580 as of October 2011, and TL 500,000 as of November 2011 with the deposit portfolio having maturity of 28-32 days. Effective portion of TL 5,631 accounted for under equity is presented after deduction of its deferred tax effect of TL 1,126 in the financial statements. In 2011, the ineffective portion of TL 422 is accounted as expense in the income statement. There is no cash flow hedge ceased in 2011.

	Current Period			Prior Period		
	Nominal	Fair Value		Nominal	Fair Value	
		Asset	Liability		Asset	Liability
Interest Rate Swaps	1,918,710	13,263	27,049	-	-	-

3. Explanations on contingent liabilities and assets:

- a.1) The Bank's share in contingent liabilities arising from entities under common control (joint ventures) together with other venturer: None.
- a.2) Share of entity under common control (joint ventures) in its own contingent liabilities: None.
- a.3) The Bank's contingent liabilities resulting from liabilities of other venturers in entities under common control (joint ventures): None.

b) Accounting and presentation of contingent assets and liabilities in the financial statements:

- b.1) Contingent assets are accounted for, if probability of realization is almost certain. If probability of realization is high, then it is explained in the footnotes: As of 31 December 2011, there are no contingent assets that need to be explained (31 December 2010: None).
- b.2) A provision is made for contingent liabilities, if realization is probable and the amount can be reliably determined. If realization is remote or the amount cannot be determined reliably, then it is explained in the footnotes:

As of 31 December 2011 one of the loan customers filed a litigation case against the Bank, however, since the case is still in progress for expertise appointment and gathering supporting documents, the Bank could not yet evaluate the probable effects of the case on financial statements.

Following a resolution in favor of the Bank in 2003 for the case related to deduct accumulated losses from the corporate tax base for 2002 and for subsequent periods in accordance with Corporate Tax Law article 14/7; the Ministry of Finance appealed against the decision, however, the case was again concluded in favor of the Bank by Tax Supreme Court. In this context, the Bank acquired the right to deduct accumulated losses amounting to TL 364,501 thousand from the corporate tax base. Related accumulated losses have been deducted from tax base by the Bank between the years 2003 and 2006.

On the other hand, the Tax Office has not taken into consideration the deduction amount of TL 144,824 which is included in the 2003/4 temporary tax declaration based on the resolution of the Tax Supreme Court, and recalculated a temporary corporate tax liability of TL 15,510 and levied a fine of TL 16,131 to the Bank based on the declaration as of 20 April 2004. In that respect, the Bank has filed a counter case against the Tax Office, and 1st Tax Office decided in favor of the Bank with resolution no: K:2006/974 based on its decision related with 2002/I period explained above .

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3. Explanations on contingent liabilities and assets: (continued)

The Tax Office filed an appeal against the ruling; however, the 4th Administration of Council of State resolution no: K:2007/4747 ruled that the defendant's claim on the Management's double loss deduction should be initially reviewed and a new ruling should be made accordingly. Therefore the tax office's resolution is overruled by the Council of State.

Although the 1st Tax Office of İstanbul had reviewed the related issues upon the Council of State's overruling and conducted the litigation in favor of the Bank upon its resolution no: K:2010/2377, TL 48,557 of loss amount is considered as undeductible in the basis of the resolution. Therefore, the Bank has filed an appeal on 4 October 2010 for the overruling of the related resolution basis and the outcome of the appeal is still in process. As the Bank management foresees no significant risk in relation to the related lawsuits, no provision is provided in the financial statements. The Bank has increased the tax base by TL 2,863 in regards to the related lawsuit in accordance with the requirements of the Communiqué No:6111 "Restructuring of Specific Receivables and Social Insurance and General Health Insurance Law and Amendments to Some Other Laws and Requirements".

4. Custodian and intermediary services:

The Bank provides trading and safe keeping services in the name and account of third parties, which are presented in the statement of contingencies and commitments.

Investment fund participation certificates held in custody which belong to the customers and the portfolio are accounted for with their nominal values. As of 31 December 2011 the total nominal value and number of certificates are TL 2,064,582 and 206,458,233 thousand (31 December 2010: TL 1,143,126 and 114,312,600 thousand) and the total fair value is TL 8,601,613 (31 December 2010: TL 4,885,303).

5. The information on the Bank's rating by the international rating introductions (*):

The results of the ratings performed by Moody's Investor Services and Fitch Ratings are shown below:

Moody's Investor Services: August 2011

View	Negative
Bank Financial Strength	D+
Foreign Currency Deposits	Ba3/NP

Fitch Ratings: November 2011

Foreign Currency Commitments	
Long term	BBB-
Short term	F3
View	Stable
Turkish Lira Commitments	
Long term	BBB
Short term	F3
View	Stable
National	AAA (tur)
View	Stable
Individual Rating	bb+
Support Points	2

(*) Ratings above are not performed based on the "Communiqué for Authorization and Activities of Rating Institutions" published by the Capital Markets Board.

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SECTION FIVE

IV. Explanations and Disclosures Related to the Statement of Income

1. a) Information on interest on loans:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest on loans (*)				
Short term loans	1,205,057	124,452	612,668	72,281
Medium and long term loans	975,888	104,288	462,790	47,566
Interest on non-performing loans	36,356	-	13,900	-
Premiums received from Resource Utilization Support Fund	-	-	-	-
Total	2,217,301	228,740	1,089,358	119,847

(*) Includes fees and commissions obtained from cash loans amounting to TL 102,079 (31 December 2010: TL 50,411).

b) Information on interest received from banks:

	Current Period		Prior Period	
	TL	FC	TL	FC
The Central Bank of Turkey	-	-	-	-
Domestic banks	4,321	113	1,569	76
Foreign banks	2,617	2,730	3,665	1,856
Branches and head office abroad	-	-	-	-
Total	6,938	2,843	5,234	1,932

c) Interest received from marketable securities portfolio:

	Current Period		Prior Period	
	TL	FC	TL	FC
Trading securities	56,038	52,358	15,833	321
Financial assets at fair value through profit and loss	-	-	-	-
Available-for-sale securities	321,791	21,806	180,604	7,005
Held-to-maturity securities	2,469	-	48,794	-
Total	380,298	74,164	245,231	7,326

d) Information on interest income received from associates and subsidiaries:

	Current Period	Prior Period
Interest received from associates and subsidiaries	4,120	2,508

2. a) Information on interest on funds borrowed (*):

	Current Period		Prior Period	
	TL	FC	TL	FC
Banks				
The Central Bank of Turkey	-	-	-	-
Domestic banks	5,939	3,089	3,240	2,551
Foreign banks	197,265	87,330	105,568	20,219
Branches and head office abroad	-	-	-	-
Other financial institutions	-	32,119	-	31,790
Total	203,204	122,538	108,808	54,560

(*) Includes fees and commission expenses of cash loans amounting to TL 12,391 (31 December 2010: TL 5,962).

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

b) Information on interest expense to associates and subsidiaries:

	Current Period	Prior Period
Interest expenses to associates and subsidiaries	1,539	413

c) Information on interest expenses to marketable securities issued:

	Current Period		Prior Period	
	TL	FC	TL	FC
Interest expenses on marketable securities issued	10,089	-	-	-
Total	10,089	-	-	-

d) Distribution of interest expenses on deposits based on maturity of deposits:

Account Name	Time Deposits						Accumulated Deposits	Total
	Demand Deposits	Up to 1 Month	Up to 3 Months	Up to 6 Months	Up to 1 Year	More than 1 Year		
TL								
Bank deposits	15	15,997	471	28	68	101	-	16,680
Saving deposits	12	58,718	432,703	20,606	6,294	2,373	404	521,110
Public sector deposits	1	5,180	9,984	11,560	-	3	-	26,728
Commercial deposits	56	82,739	180,687	6,031	4,264	-	-	273,777
Other deposits	-	3,761	37,342	10,512	895	29	-	52,539
7 days call accounts	-	-	-	-	-	-	-	-
Total	84	166,395	661,187	48,737	11,521	2,506	404	890,834
FC								
Foreign currency deposits	7	57,982	109,230	1,487	1,383	209	13	170,311
Bank deposits	193	319	243	19	-	-	-	774
7 days call accounts	-	-	-	-	-	-	-	-
Precious metal deposits	-	787	894	267	125	-	-	2,073
Total	200	59,088	110,367	1,773	1,508	209	13	173,158
Grand Total	284	225,483	771,554	50,510	13,029	2,715	417	1,063,992

3. Information on dividend income:

	Current Period	Prior Period
Trading Securities	-	-
Financial assets at fair value through profit and loss	-	-
Available-for-sale securities	432	5
Other	17,802	14,453
Total	18,234	14,458

4. Information on net trading income:

	Current Period	Prior Period
Income	7,514,039	2,211,449
Gains on capital market operations	200,081	40,542
Gains on derivative financial instruments (*)	1,820,389	543,052
Foreign exchange gains (**)	5,493,569	1,627,855
Losses (-)	7,538,347	2,215,383
Losses on capital market operations (*)	190,147	10,432
Losses on derivative financial instruments (**)	1,772,163	753,271
Foreign exchange losses	5,576,037	1,451,680

(*) Foreign exchange gains on hedging transactions are TL 7,999 (31 December 2010: TL 4,519), while foreign exchange losses on hedging transactions are TL 4,167 (31 December 2010: TL 25,425).

(**) Foreign exchange gains on derivative financial transactions are TL 173,594 (31 December 2010: TL 6,524 foreign exchange losses).

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5. Information on other operating income:

The information on the factors affecting the Bank's income including new developments, and the explanation on nature and amount of income earned from such items: None.

6. Provision expenses of banks for loans and other receivables:

	Current Period	Prior Period
Specific provisions for loans and other receivables	49,679	119,848
III. Group Loans and Receivables	17,937	22,723
IV. Group Loans and Receivables	19,003	35,832
V. Group Loans and Receivables	12,739	61,293
General provision expenses	85,242	31,168
Provision expenses for possible losses	-	-
Marketable securities impairment losses	5,131	-
Financial assets at fair value through profit and loss	5,131	-
Investment securities available for sale	-	-
Impairment provision expense	-	-
Associates	-	-
Subsidiaries	-	-
Entities under common control (Joint Vent.)	-	-
Investments held to maturity	-	-
Other (*)	(9,210)	-
Total	130,842	151,016

(*) Reversal of provision for loans under watch-list in the amount of TL17,334 is included in "Other" as of 31 December 2011.

7. Information on other operating expenses:

	Current Period	Prior Period
Personnel expenses	579,132	350,775
Reserve for employee termination benefits	25,992	8,907
Bank social aid fund deficit provision	-	-
Impairment expenses of fixed assets	-	-
Depreciation expenses of fixed assets (*)	81,313	45,411
Impairment expenses of intangible assets	-	-
Impairment expense of goodwill	-	-
Amortization expenses of intangible assets	10,559	6,692
Impairment for investments accounted for under equity method	-	-
Impairment expenses of assets to be disposed	743	2,197
Depreciation expenses of assets to be disposed	1,147	385
Impairment expenses of assets held for sale and discontinued operations	-	-
Other operating expenses	472,966	256,016
Rent expenses	137,760	76,975
Maintenance expenses	14,137	6,757
Advertisement expenses	43,762	23,356
Other expenses	277,307	148,928
Loss on sales of assets	1,150	131
Other (**)	206,139	117,307
Total	1,379,141	787,821

(*) Includes restructuring expenses amounting to TL 4,978 (31 December 2010: None).

(**) Included in other TL 17,814 (31 December 2010: TL 11,054) is premiums paid to the Saving Deposit Insurance Fund, TL 71,575 (31 December 2010: TL 41,817) is other taxes and duties paid and TL 62,813 (31 December 2010: TL 25,239) is merger and restructuring costs.

8. Information on profit/(loss) from continued and discontinued operations before taxes:

Profit before tax of the Bank consists of net interest income and net fees and commission income amounting to TL 1,375,002 (31 December 2010: TL 752,828) and TL 335,848 (31 December 2010: TL 417,730), respectively; while operating expenses are TL 1,379,141 (31 December 2010: TL 787,821).

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

9. Information on tax provision for continued and discontinued operations:

- a) As of 31 December 2011, the current tax charge is TL 27,871 (31 December 2010: TL 87,607), and deferred tax charge is TL 48,791 (31 December 2010: TL 21,004 deferred tax benefit).
- b) Deferred tax charge on temporary differences resulted from continued operations is TL 48,791 (31 December 2010: TL 21,004 deferred tax benefit).
- c) Tax reconciliation:

	Current Period	Prior Period
Profit before tax	283,337	366,904
Additions	132,003	40,866
Disallowables	40,165	5,495
General loan loss provision	91,838	31,928
Other	-	3,443
Deductions	(32,030)	(74,755)
Dividend income	(18,120)	(14,330)
Income on sale of associates	-	(57,880)
Other	(13,910)	(2,545)
Taxable Profit / (Loss)	383,310	333,015
Corporate tax rate	%20	%20
Tax calculated	76,662	66,603

As of 31 December 2011, current tax charge is TL 27,871 (31 December 2010: TL 87,607) and deferred tax charge on temporary differences is TL 48,791 (31 December 2010: TL 21,004 tax benefit). Net tax charge recognized in the financial statements is TL 76,662 (31 December 2010: TL 66,603).

10. Information on net profit/(loss) from continued and discontinued operations:

The Bank's net profit from continued operations for the year ended 31 December 2011 is TL 206,675 (31 December 2010: TL 226,987).

11. The explanations on net income / loss for the period:

- a) The nature and amount of certain income and expense items from ordinary operations is disclosed if the disclosure for nature, amount and repetition rate of such items is required for the complete understanding of the Bank's performance for the period: None (31 December 2010: None).
- b) Effect of changes in accounting estimates on income statement for the current and, if any, for subsequent periods: None (31 December 2010: None).
- c) Profit or loss attributable to minority shares: None (31 December 2010: None).

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IV. Explanations and Disclosures Related to the Statement of Income (continued)

- 12. If the other items in the income statement exceed 10% of the income statement total, accounts amounting to at least 20% of these items:**

	Current Period	Prior Period
<u>Other fees and commissions received</u>		
Credit cards commissions and fees	284,867	174,707
Fund management commissions	28,901	27,349
Insurance commissions	27,295	14,369
Transfer commissions	20,158	8,250
Inquiry and company search fees and commissions	14,198	23,199
Settlement expense provision, eft, swift, agency commissions	13,673	10,926
Commissions and fees earned from correspondent banks	12,124	7,341
Other	107,682	235,732
Total	508,898	501,873
<u>Other fees and commissions given</u>		
Credit cards commissions and fees	172,721	109,132
Commissions and fees paid to correspondent banks	8,647	2,732
Settlement and swift commissions	4,596	4,353
Other	41,472	16,519
Total	227,436	132,736

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SECTION FIVE

V. Explanations and Disclosures Related to Statement of Changes in Shareholders' Equity

- a) Decrease resulting from revaluation of financial assets available for sale is TL 196,214 (31 December 2010: TL 70,127 increase).

Gain or loss arising from measurement of financial assets available-for-sale included in shareholders' equity in the current period, excluding those related to hedging: Indicated above.

The amount recycled from equity to net income/loss account if the loss or gain related with measurement at fair value is recorded to equity for the financial assets available-for-sale (excluding the assets related to hedging): TL 65,707 income (31 December 2010: TL 29,234 income).

- b) Increase in cash flow risk hedging items:

The Bank hedges itself against cash flow risk from Turkish Lira short term time deposits through its interest rate swaps. In this context, the effective portion is accounted for under equity in "Hedging Funds" account. The related amount as of 31 December 2011 is TL 5,631 and presented in the financial statements by deducting its deferred tax effect of TL 1,126.

- c) The reconciliation related with foreign exchange amounts in the beginning and end of the period: None.
- d) Dividends declared subsequent to the balance sheet date, but before the announcement of the financial statements: None.
- e) Dividends per share proposed subsequent to the balance sheet date: Profit appropriation will be resolved in the General Assembly meeting which has not been conducted as of the date of the accompanying financial statements are authorized for issue.
- f) Proposals to General Assembly for the payment dates of dividends and if it will not be appropriated the reasons for this: The Board of Directors has not decided for profit appropriation as of the date of the financial statements are authorized for issue.
- g) Amounts transferred to legal reserves: Amount transferred to legal reserves is TL 15,015 in 2011 (31 December 2010: TL 10,509).
- h) Information on shares issued:

The Bank has not recorded any shares issued in "Share Premium" account in the current period.

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VI. Explanations and Disclosures Related to Statement of Cash Flows

1. The effects of the other items stated in the cash flow statement and the changes in foreign currency exchange rates on cash and cash equivalents:

“Other items” amounting to TL 1,309,611 (31 December 2010: TL 906,233) in “Operating profit before changes in operating assets and liabilities” consists of fees and commissions paid and other expenses except for leasing expenses, reserve for employee termination benefits, depreciation charges and taxes paid.

“Net increase/decrease in other liabilities” amounting to TL 95,869 (31 December 2010: TL 132,220) in “Changes in operating assets and liabilities” consists of changes in sundry creditors, other liabilities and interbank money market borrowings. “Net increase/decrease in other assets” with a total amount of TL 79,551 (31 December 2010: TL 166,227) consists of changes in sundry debtors and other assets.

“Other items” amounting to TL 9,480 (31 December 2010: TL 5,938) in “Net cash provided from investing activities” consists of cash paid for purchases of intangible assets.

Effect of change in foreign exchange rate on cash and cash equivalents includes the foreign exchange effect resulting from the translation of cash and cash equivalents in foreign currency by using the foreign exchange rates at the beginning and at the end of the period, and it is TL 166,409 for the year 2011 (31 December 2010: TL 41,105).

2. Cash and cash equivalents at beginning and end of periods:

The reconciliation of the components of cash and cash equivalents, accounting policies used to determine these components, the effect of any change made in accounting principle in the current period, the recorded amounts of the cash and cash equivalent assets at the balance sheet and the recorded amounts in the cash flow statement:

Beginning of the period	Current Period	Prior Period
Cash	1,616,646	1,250,065
Cash in TL/Foreign Currency	287,730	309,346
Central Bank – Unrestricted amount	1,301,246	922,102
Other	27,670	18,617
Cash equivalents	703,336	1,086,870
Banks	703,336	392,094
Money market placements	-	694,776
Total cash and cash equivalents	2,319,982	2,336,935

End of the period	Current Period	Prior Period
Cash	2,429,724	1,616,646
Cash in TL/Foreign Currency	487,808	287,730
Central Bank – Unrestricted amount	1,616,648	1,301,246
Other	325,268	27,670
Cash equivalents	817,678	703,336
Banks	307,678	703,336
Money market placements	510,000	-
Total cash and cash equivalents	3,247,402	2,319,982

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VII. Explanations on the Risk Group of the Bank

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances:

a) Current Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	331	735	38,643	40,782	142,406	114,606
Balance at end of period	404	3,126	76,412	128,471	127,364	103,503
Interest and commission income	4,120	41	2,911	20	8,143	333

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TL 67 from subsidiaries and associates, TL 1,913 under direct and indirect corporate and real person shareholders and TL 12,744 from other entities included in the risk group.

b) Prior Period:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect Shareholders of the Bank		Other entities included in the risk group	
	Cash	Non-cash	Cash	Non-cash	Cash	Non-cash
Loans and other receivables						
Balance at beginning of period	557	7,198	15,688	46,004	57,190	86,909
Balance at end of period	331	735	38,643	40,782	142,406	114,606
Interest and commission income received	2,508	55	3,439	16	5,407	750

Included in the balances above, the Bank has placements in foreign bank accounts amounting to TL 56 from subsidiaries and associates, TL 14,134 under direct and indirect corporate and real person shareholders and TL 2,293 from other entities included in the risk group.

c.1) Information on related party deposits balances:

Related parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior period
Deposits						
Balance at beginning of period	73,452	18,591	1,024,799	282,015	336,262	127,883
Balance at end of period	46,466	73,452	430,246	1,024,799	372,913	336,262
Interest on deposits	1,539	413	18,505	24,761	7,646	3,015

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VII. Explanations on the Risk Group of the Bank (continued)

1. Volume of related party transactions, income and expense amounts involved and outstanding loan and deposit balances: (continued)

c.2) Information on forward and option agreements and other similar agreements made with related parties:

Related Parties	Subsidiaries, associates and entities under common control (Joint Vent.)		Direct and indirect shareholders of the Bank		Other entities included in the risk group	
	Current Period	Prior Period	Current period	Prior period	Current period	Prior Period
Financial Assets at Fair Value Through Profit and Loss						
Beginning of period	-	32,150	2,958,850	1,508,190	887,840	746,942
End of period	-	-	9,020,778	2,958,850	178,125	887,840
Total income/loss	-	-	(22,025)	(23,146)	10,671	31,147
Hedging transactions purposes						
Beginning of period	-	-	201,151	306,331	-	-
End of period	-	-	522,500	201,151	-	-
Total income/loss	-	-	(5,836)	(169)	-	-

d) As of 31 December 2011, the total amount of remuneration and benefits provided for the senior management of the Bank is TL 24,561 (31 December 2010: TL 16,640).

VIII. Explanations on the Bank's Domestic Branches, Agencies and Branches Abroad and Off-shore Branches

1. Explanations on the Bank's domestic branches, agencies and branches abroad and off-shore branches:

	Number	Employees			
Domestic branches	503	9,308			
Rep-offices abroad	-	-			
Branches abroad	3	45	Cyprus		
Off-shore branches	1	3	Bahrain		
				Total Assets	Capital
				284,656	10,000
				1,294,550	-

2. Explanations on Branch and Agency Openings or Closings of the Bank:

In the year 2011, the Bank acquired 269 branches from Fortis Bank and closed 97 of its branches.

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SECTION SIX

OTHER EXPLANATIONS

I. Other Explanations on the Operations of the Bank

None.

SECTION SEVEN

INDEPENDENT AUDITOR'S REPORT

I. Explanations on the Independent Auditor's Report

The unconsolidated financial statements of the Bank were audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (Member of Deloitte Touche Tohmatsu Limited) and the independent auditor's report dated 15 February 2012 is presented preceding the financial statements.

II. Other Footnotes and Explanations Prepared by the Independent Auditors

None.